The MAGAZINE of WALL STREET

SOUND INVESTMENT

WORLD FINANCE BIG BUSINESS

Low-Priced Stocks For Small Investors

What 1925 Weather Forecast Indicates for Business

By Herbert Janvrin Browne

When Gilt-Edge Bonds Are Safe

By Irving Fisher

AMERICA'S LEADING FINANCIAL PUBLICATION

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With the Editors

Making Use of the Power of Compounded Interest

WE have frequently referred in these columns to the enormous power of compounded interest. This is the real secret of creating wealth. It may be used in many forms. It may be employed (1) by leaving money in the bank to draw interest (2) by reinvesting income in dividend or interest-paying investment securities and again compounding the income or (3) by reinvesting profits from any source in business or speculative securities. The first is the surest; the second may be practically as certain; the third, of course, is entirely speculative.

Put aside $1,000 in the savings bank, drawing 4% annually, and you will have about $2,000 in not quite eighteen years. Take the same sum and invest in high-grade securities at 6%, compounding the interest annually (i.e., reinvesting in equally high-grade securities bearing 6%), and your $1,000 will grow to $2,000 in about twelve years. Therefore, by compounding at 6% instead of 4%, you can greatly shorten the period of savings, or, if you do not care about shortening your savings period, you can greatly increase the amount of your capital.

Thus, as stated above, if you leave your money in the savings bank at 4% and allow the interest to compound you will double it in about eighteen years. If you invest in sound securities yielding 6% and reinvest the income each year at 6%, you will have in eighteen years 2.85 times as much as you originally started with. One thousand dollars left in the bank at 4% and allowed to compound, will be equivalent to about $2,000 in eighteen years. At 6% invested in securities and compounded, $1,000 in eighteen years will amount to about $2,850.

Suppose you can count on putting away each year $500 or $10 a week. If you invest this at 6% compounded in twenty years, you will have no less than about $18,500, surely a very respectable sum for a man who can only save $10 a week. If you can save $20 a week, you will have $37,000 in twenty years. If you can save only $5 a week you will have nearly $10,000.

Now it is perfectly possible to achieve these results without gambling, speculating or taking chances whatever. If you are looking for certainties, if you are looking ahead to a competence at a time when it will mean most to you, we can suggest no better way than investing in sound investment securities at 6% and reinvesting the income at the same rate. Of course, there will be times when 6% will be hard to get in really fine investments. Then take 5½% or even 5%. On other occasions, for example in a panic, you will be able to get these securities at 6½%, or perhaps even more. The results will average out pretty well.

ANNOUNCEMENT!

On a number of occasions we feel that we are doing a service to stockholders in various corporations when we apprise them of the fact that THE MAGAZINE OF WALL STREET *contains a special article dealing with the affairs, and, at times the market outlook for the companies' securities.*

The time that would be required to check the names of these stockholders against the names of our subscribers and also to check the names of stockholders in one company against those in another would make it impossible for us to mail the communications in time, although we are put thereby to additional considerable expense for duplications and for extra postage.

This statement also will explain to many of our readers why there are times when we apparently send them duplicate announcements. We feel that we are better serving those of their fellow stockholders who are not acquainted with our work by expediting the advices in every way possible.

In the Next Issue

SPECIAL RAILROAD DEPARTMENT

Holders, present and prospective, of railroad securities will find our next railroad department of particular interest and value. Among the more important subjects covered will be:

1) The Magazine of Wall Street's ratings of leading railroad securities.
2) Consolidations—past, present and future.
3) Outlook for the railroads by leading executives of the principal lines.
4) Railroad valuation and its practical meaning.

THE REAL FINANCIAL SITUATION IN EUROPE

BY SIR A. MAURICE LOW

—a straightforward description of what is actually going on in the principal European countries from the economic, financial and political viewpoint. Described by one of the leading observers of the situation.

THE DEAD HAND IN THE TRACTION SITUATION

—a vivid article covering the traction situation, the reasons for the muddle of the past few years in several important cities and why the public is beginning to change its attitude. This is distinctly an article you will want to read, whether you hold traction securities or not.

TWELVE THUMBNAIL SKETCHES

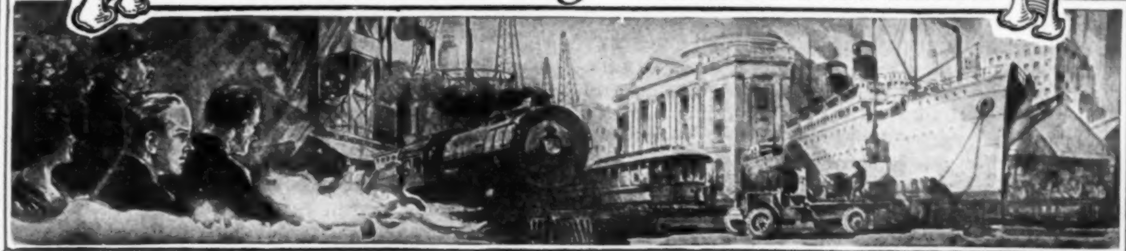
—of leading industrial companies. Among them are a number of securities which are in an unusual market position.

THE OUTLOOK FOR TWENTY-FOUR OIL STOCKS

—including all of the principal listed oil stocks, together with their essential statistics and brief remarks on whether they should be bought, held, sold or switched.

WATCH FOR THE MAY 9TH NUMBER. IT WILL BE ONE OF THE MOST SUGGESTIVE AND PRACTICAL WE HAVE EVER ISSUED.

The MAGAZINE of WALL STREET



EDITOR
RICHARD D. WYCKOFF

MANAGING EDITOR
E. D. KING

INVESTMENT & BUSINESS TREND

Are We Floating Bonds to Finance Wars Abroad? The Best Policy for Investors—Business Trend Downward—Tax Reduction Problem—The Market Prospect

COUNT KAROLYI'S sensational charge that the Horthy Government in Hungary is employing funds secured through loans floated in this country in an endeavor to replace the Hapsburgs on the throne and make a new alignment with an imperial Germany with the ultimate purpose of starting a new war of *revanche* in Europe cannot be dismissed lightly. Count Karolyi was the first President of Hungary. As such he met with the ire of the militarists and reactionaries of the country, who seized their first opportunity to drive him from office, exiling him and subsequently confiscating his large properties. With this background, he is undoubtedly biased. Nevertheless, there is a sufficient amount of truth in his recent charges to warrant an inquiry into the general situation.

It has for some time been apparent that the military and reactionary parties of Central Europe have been gaining strength. With Hindenburg throwing his hat into the ring for the German Presidential nomination, it is obvious that the strength gained by the interests which this jingo represents has become rather formidable. It is not an over-statement to say that if Hungary and Germany are to be controlled by men of the type of Admiral Horthy and Marshal von Hindenburg, the peace of Europe must rest on a rather unstable foundation. Certainly it is not a situation to the taste of the French or English who have been watching recent developments with growing apprehension. That these developments may finally tend to undo the slow economic recovery of Europe, which has recently started, is not a remote possibility.

From the viewpoint of the American investor, it is another indication of the inherent speculativeness attached to most foreign bond issues. This publication since the war has taken the stand that the American investor, particularly the small investor, should stick to domestic issues. There is too much uncertainty attached to foreign securities, especially those of recent vintage, to make them genuinely attractive to our investors. The risks involved hardly appear worth while, considering the fine opportunities available in domestic issues of seasoned worth. It is well to remember that as a class there are no investments in the world which can measure up in point of view of stability to those of our representative corporations. Of course, it is beyond dispute that our Government and the great majority of our state and municipal issues, are greatly superior to those of foreign derivation.

INVESTMENT POLICY

WITH the average investor generally inclined to remain aloof from the stock market, the question naturally arises as to what positive policy he may safely follow at the present time. The situation undoubtedly is one demanding caution. With the rank and file of common stocks in a rather ambiguous position, with high-grade bonds unattractive from a yield standpoint, with equipment "trusts," municipal issues and the like offering few inducements except to wealthy investors, it would seem that the avenue for investment is today pretty well closed to small investors. This is only more apparent

than actual. As a matter of fact, there are innumerable good issues in which one may more or less safely invest. For example, among the so-called middle-grade bonds and preferred stocks quite a few opportunities exist for profitable investment. There are also a few special stocks such as those described on page 1116 of this issue, which commend themselves to the conservative investor. Of course, there is, too, that great field of bank, insurance and trust company stocks with which the general public unfortunately is not familiar. It is clearly not true that the present offers no opportunities for investment, though, to be sure, the purchase of speculative stocks for profit is not likely to be attended with any great degree of success.

BUSINESS TREND

THE latest statement of the U. S. Steel Corporation shows that as of April 1 it had unfilled orders on its books amounting to 4.86 million tons. This represents a decline of 420,000 tons from the March total. U. S. Steel orders are commonly considered a good barometer of the business trend. Consequently the recent decline must be interpreted as a reflection of a slowing down in general industrial activities. This view is supported by current statistics from various manufacturing lines, likewise by the general price trend which has been downward for several months and still continues in this direction. Probably February witnessed the apex of steel and other industrial operations. The present situation is one of comparative lull in new buying, though production is still fairly high. Probably output will soon decline moderately in response to the falling off in orders. For the third consecutive time, the first quarter of the year seems likely to have been the best from the viewpoint of volume of industrial operations.

TAX REDUCTION

THAT the President is correct in his stand for greater economy in running the Government is verified by the recent statement of Brigadier General Lord, director of the Government budget, that no cut in taxes would be possible without a further cut in the cost of Government. Politics, however, takes a hand here and the present outlook for Governmental economy is certainly not stimulating to say the least. With most of our annual expenditures fixed by the huge military debts arising from past wars, there is in reality very little room for an imposing cut in Federal costs and, consequently, in taxes. This is unfortunate because the Secretary of the Treasury is, as is well known, in hearty support of measures to reduce the tax rate on very large incomes. But the Secretary by himself cannot put through such a measure. In order for him to advocate downward revision of taxes, it will first be essential to show possibilities for a Federal surplus. From present indications, the Government will probably not be able to do much better than balance its budget. Hopes of tax reduction are slowly going glimmering. It is to be trusted that some way will be found out of the dilemma.

WAGE CUTS

IN a broad sense, the direction of wages is downward. Since the beginning of the year, practically the entire textile industry has adjusted itself on a lower wage basis. Agitation is present to cut the rate at union coal mines and there are prospects for revisions in steel wages, unless business picks up rapidly, not a probability in the near future. The building industry alone remains impervious to the trend. It is a simple economic fact that the business margin of profit for the country as a whole has become smaller in recent years, largely due to an unbalanced wage situation. It seems only a question of time before economic law forces the inevitable readjustment.

MARKET PROSPECT

THE action of the stock market is characterized by group movements in which several, such as the motors and tires are strong and others, such as the oils, weak. Individual stocks show an increasing tendency to go their own way, depending on their outlook. At the present, the center of the speculative stage is being held by the professional element and pools who are making demonstrations in individual issues against the short interest. Investment buying, on the other hand, is of small proportions. Considering the somewhat unprepossessing business outlook, a genuine upward move in the market would hardly seem warranted at this time. It is true that the purchase of a number of special stocks which have not yet discounted their favorable outlook—there are not many of these—may result profitably, but with the market as a whole at very high levels it does not seem advisable to indulge at this time in unrestrained speculation for the rise.—

Monday, April 20, 1925.

A Critical Stage for Business and the Stock Market

The Real Meaning of the Recent Decline

By E. D. KING

THE terrific decline in security values which in a period of three weeks during the month of March carried the average (50 *stocks N. Y. Times*) down from a high of 112.85 to a low of 101.16 causing losses to many individual stocks of from ten to one hundred points was greeted with great apprehension by the business and financial interests of the country. What did it mean? Did it mean that we were about to enter a period of depression? Was it merely a speculative shake-out though of unusually severe proportions? Did it mean the end of the bull market? Were securities and business in for a long decline? These were the questions asked. They are still being asked, for that matter.

As usual at such a critical stage, business statistics are being examined with renewed interest. But the examination shows nothing of special importance. True, the grain markets have collapsed, leaving in the wake of the decline a decidedly pessimistic tone in the Northwest. The granger stocks are among the weakest and Chicago & Northwestern has declined to the lowest point in a generation. It is only in the grain markets, however, that an immediate reason for the decline in stocks can be found.

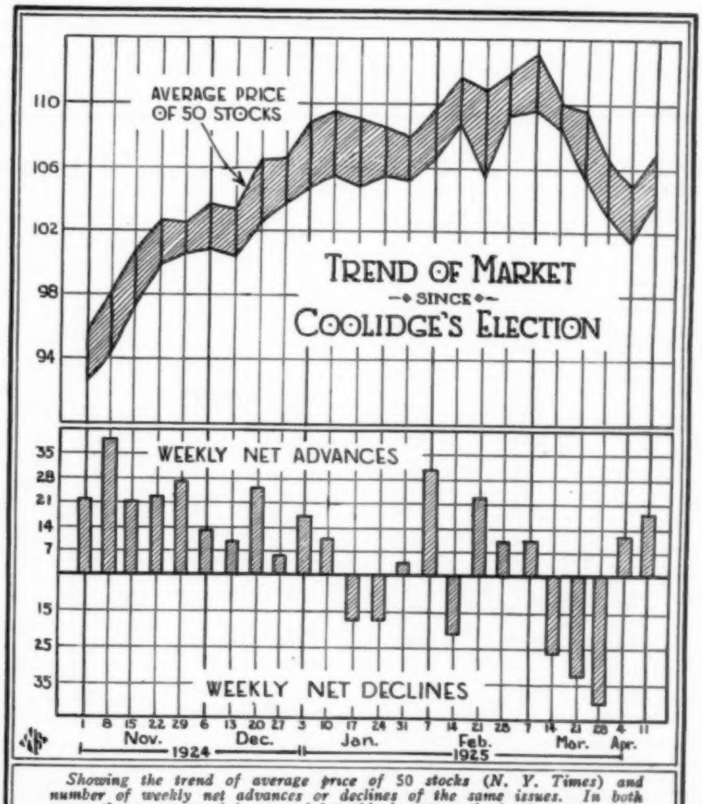
There are other signs of business recession, but on a comparatively small scale. Thus, the steel districts are commencing to report a slackening in new orders. Pig iron prices are falling, as are indeed the prices of most basic commodities. The declines, however, are small. In fact, as indicated by Bradstreet's commodity price average, there was only a small decline from $13.93 at the beginning of the year to $13.64 as of April 1. On the other hand, the big retail organizations such as the department stores, chain systems and 5-and-10s continue to report increasing business. Also the automobile industry is taking on a new lease of life and most of the news from the oil industry seems more or less satisfactory.

Why then, in the face of all this, is the stock market declining? The answer appears to be a simple one and it can be expressed in one word—Money. Since last September the tendency of money rates has been upward. Call loans which renewed in that month at 2 and 2½% are now renewing at 4%, and at times as high as 5% is demanded. Time money which was then quoted at 3% is now unobtainable at less than 4¼% with the trend upward. The N. Y. Federal Reserve Bank has raised its rediscount rate from 3 to 3½%.

This has all been in response to (1) the increase in demand for credit from business which has taken place since the end of summer and (2) the tremendous increase in speculative activity. Inflation in business and commodities has hardly existed and the increase in rediscounts at the Federal Reserve banks shows only a normal increase. But up to the break in prices there was a great deal of inflation in the stock market. To continue the rise further would have been to endanger the banking situation. There was only one way out and the Federal Reserve system took it. It increased its rediscount rate, forcing money rates upward; banks called loans, and stocks were dumped overboard.

It is essential to understand that no sustained rise in the stock market is possible without an abundance of speculative credit. Therefore, in an essential degree, the outlook for stocks depends on the outlook for money. What is the present outlook?

The gold export



Showing the trend of average price of 50 stocks (N. Y. Times) and number of weekly net advances or declines of the same issues. In both cases, the recent trend is upward but this is apparently in the nature of a good-sized rally in a market whose direction, broadly speaking, is downward.

situation is a less formidable factor than recently, but a new flock of foreign loans is on the way. It is not without the realm of probability that further amounts of the precious yellow metal will be shipped abroad in response to future financing. This factor then must be checked as a possible source of weakness in our money situation. In any case, further heavy foreign financing must necessarily denote further drains on our credit reservoir. It is estimated that nearly one billion dollars in foreign loans are pending.

There is another international aspect to this situation. The London rediscount rate is 4½%. Ours is now 3½%. For borrowers, therefore, ours is the better market. But there are our own business needs to consider. We cannot indefinitely permit a situation to expand in which we invite an unlimited amount of foreign borrowing. It is inevitable therefore to expect the Federal Reserve to advance its rediscount rate again. It would not be surprising if this happened within the next few weeks. This will definitely act to advance the domestic interest. As stated, previously, bull markets do not thrive on advancing money rates.

The Business Outlook

Let us now turn to the business situation and outlook. In his guarded way, Elbert Gary, chairman of the U. S. Steel Corporation, recently said: *"The reason why, in the iron and steel industry just at present, the demand is not better is that the producing capacity of the country is very large, has been rapidly increasing during the last few years, and at present is somewhat greater than the demand. The prices at the present time are lower than they ought to be; too low to permit many of the manufacturers from realizing a profit. Of course, that is rather unhealthy. That condition ought not to exist."*

This sums up neatly the situation in the steel industry. While Judge Gary is hopeful of the future, nevertheless, he candidly describes the underlying weakness of the steel industry. The fact of the matter is that the same thing could be said of most of our industries. These conditions permit large production at favorable prices only for small periods. When production tends to reach a maximum new buying falls off. Consumers, of course, are just as aware of the situation as the producers. Feeling themselves in no danger of a shortage of supplies and encouraged by the high efficiency of our transportation system, they prefer to hold off when conditions become active and thus wait for the inevitable reaction. This has already appeared in the steel industry and both demand and prices are considerably under the peak levels of the year. This situation is true of copper, lead, oil, leather, sugar and many other important commodities.

What will business conditions be like during the next few months? If we remember that we always have with us the problem of potential over-production and that consumers cannot easily be driven to buy, we shall understand why competition shows a tendency to increase. This is particularly true of the present as witnessed by the persistent declines in the price of leading commodities, which has been in response to the great competition caused by falling demand.

It is obvious that as a rule only those companies which are strategically situated as to markets, have a low operating cost and adequate financial support, will be able to meet the growing competition and still show a profit. Generally speaking, however, if any profits are to be had at all our big corporations can be counted on securing them. For that reason, even if the business recession assumes greater proportions than at present, it is probable that the more familiar and larger companies will probably show reasonably good profits.

Leading Barometers of the Business and Financial Situation

1924	Pig Iron Production (in thousands of tons)	U. S. Steel Orders (in millions of tons)	Average 50 Stocks High	Average 50 Stocks Low	Call Money High	Call Money Low	Car Loadings Weekly 1,000 Cars	Cash No. 2 Red Wheat at Chicago	Bradstreets Commodity Index
January	3,019	4.80	88.20	83.28	5¾	3¾	858	$1.13	$13.27
February	3,075	4.91	88.56	84.24	5½	4	908	1.13	13.19
March	3,466	4.78	88.56	83.28	5½	2½	916	1.09	12.89
April	3,233	4.21	86.27	82.26	5½	3½	875	1.07	12.65
May	2,615	3.63	85.83	82.73	4½	2¾	895	1.06	12.55
June	2,026	3.26	89.52	83.49	3	2	906	1.12	12.29
July	1,785	3.19	94.11	88.48	3	2	894	1.25	12.22
August	1,877	3.29	97.17	92.48	2	2	974	1.32	12.62
September	2,053	3.47	96.04	91.38	2	2	1,037	1.34	12.80
October	2,477	3.53	95.20	90.40	3	2	1,091	1.52	12.99
November	2,510	4.03	102.49	94.32	[illegible]	2	975	1.56	13.34
December	2,962	4.82	107.23	100.25	5½	2½	848	1.77	13.52
1925									
January	3,370	5.04	109.05	105.15	4½	2	921	1.98	13.93
February	3,214	5.28	111.73	105.70	5	3	905	2.01	13.88
March	3,560	4.86	112.85	101.16	[illegible]½	3¼	923	1.74	13.83
April	....	...	106.72	103.19	5	4	...	1.70	13.64

As usual, the smaller and poorly situated companies will bear the brunt of this development.

There is one disturbing feature in the situation not generally understood and that is the fact that our labor costs are out of proportion to probable profits. Judge Gary commented on this in his recent statement, but took the position that his company would not reduce wages until forced to do so by economic developments. Many other industrial leaders feel the same way about this situation. In fact, generally speaking, there is reluctance among our big business men to cut the wage scale, though most of them agree that eventually it will be necessary to do so. In the case of the textile industry, however, it was absolutely necessary to revise wages downward or the entire industry would have collapsed. Even as things stand, the textile interests are unable to make large profits though they have been able to reduce their wage bills from 10 to 15%.

The Wage Trend

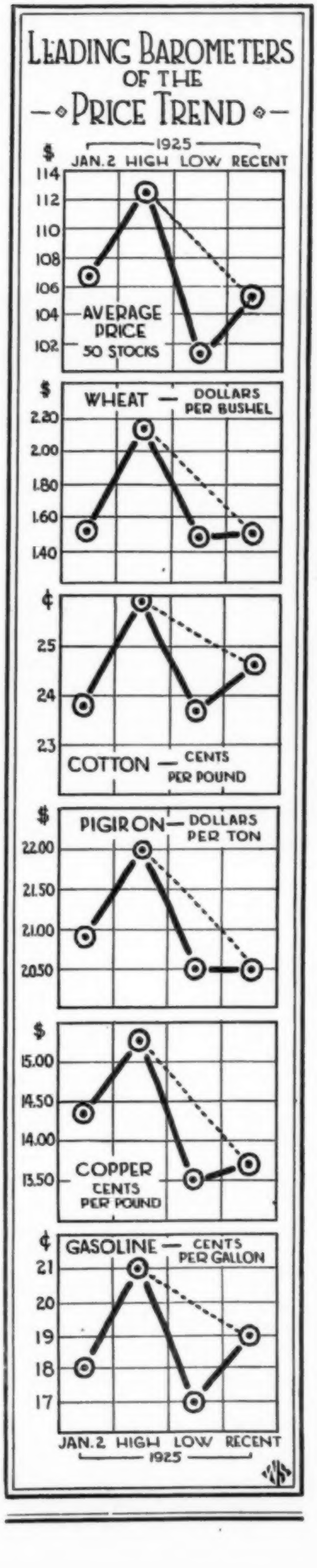
With competition from foreign labor, which is much cheaper than our own, it seems inevitable that a general downward revision in wages will take place though the movement may be spread over several years. Wages in the building industry, for example, are entirely too high and, in fact, have been directly the cause of the high cost of living in this country. If building wages were lower and thus permitted the erection of cheap apartments, rentals would come down, the cost of living would decline and big business would be in a position to lower its wages, and consequently somewhat increase its profit margin.

Business conditions are likely to remain about fair for some time with small profits the rule. This is not sufficient to provide a basis for a real bull market. It also must be considered that money is not likely to become cheaper and this removes the greatest sustaining force behind the market.

Market Outlook

From a stock market viewpoint, it is clear that there is little in the situation to warrant an extended rise in values except in individual cases. It is probable, of course, that pools may continue from time to time to exploit their market favorites, but such advances will rest only on a speculative basis and undoubtedly equally wide declines will succeed the advances.

Toward the end of the year, the crop situation will become an important factor. If we have large crops at good prices, the business situation would be considerably stimulated. Unfortunately, as described elsewhere in this issue there are reasons to believe that the grain crops will be small and if this turns out to be the case, it is probable that a considerable business recession would be seen at the end of this year and the beginning of the next.



Investment Policy

Of course, we are not verging toward a panic or anything like that. This is a huge, wealthy country, and real adversity is not likely to be seen. On the other hand, considering the fact that the stock market is still in its higher range, even after its decline, and the fact that business is not likely to boom, it is difficult to see wherein the present offers an especially good opportunity for investing for profit. It is the writer's opinion that stocks which have had great advances in the past few years should be avoided, likewise issues representing companies in an uncertain position. The more reasonable course would be to invest in sound preferred stocks or bonds though here and there a good common stock should offer an attractive opportunity for investment. In any case, it is obvious that with business and the security markets in an uncertain position, it is more than usually essential to exercise great discrimination in making stock purchases. The investor should not be deluded into purchasing speculative stocks in the hope of making a small profit in a minor rise. The facts seem to indicate that in a broad sense the market has turned downward and will persist in this direction for a considerable period.

Conclusion

There is a growing feeling that the recent bull market was not well founded and that in that instance at least it lost its barometric value. Certainly, when we come to compare the very extensive rise which took place in securities after the election of President Coolidge with the moderate increase in business, it is clear that the market rise was hardly justified. The present therefore represents a situation in which a new estimate must be made of business prospects and this estimate indicates at best a fair business condition for the year. Further inflation in the stock market would, consequently, hardly be warranted.

Why Communism Is a Joke To American Labor

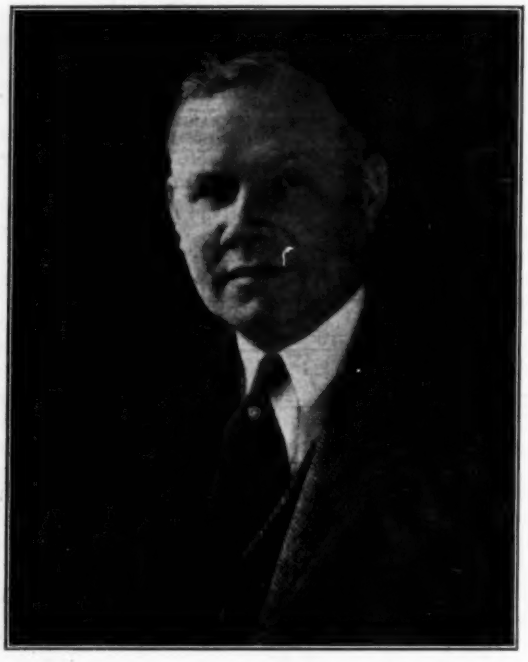
The Program of Labor—A Warning from High Quarters

By WILLIAM GREEN

President of the American Federation of Labor

THE trend of economic and political developments the world over is confirming the unique position held by the American labor movement among the various organizations of the world's workers.

The defeat of the labor party in England last Fall was due to the fear of that extreme form of socialism—communism. In consequence, the labor party there is endeavoring to purge itself of all communistic taint. It is true that the labor party of Britain is a socialistic party in effect, but it is a very different kind of socialism from that of the Third International.



Up to the fall of Herriot, France had a semi-socialistic Government but about the only socialistic plank it tried to apply is that of anti-clericalism, and it seemed to be retreating even on that. The proposed levy on capital to extricate France from her financial embarrassment was, of course, hailed by the socialists, but after all it was perhaps a measure that the staunchest advocates of capitalism might classify as the one heroic measure that might have met the crisis. As I write this, the headlines proclaim the defeat of Herriot—not so much for the capital levy to save French credit, but because he permitted inflation of the circulation—that even more beloved measure of the advanced socialists. Then, too, you must remember that French radicals of the Herriot type are very practical men. They are advocates of the extension of the functions of the state in the interest of humanity, but they are not dogmatic doctrinaires. Outside of politics all the information we get from France points to the belief that the French masses are very much absorbed in making hay during the commercial prosperity that now exists in that country despite fiscal and monetary embarrassments. In fact, there is a distinct reaction from the old confidence that politics is the medium of cure of economic evils. The masses are losing confidence in political agencies and are turning to self help. After the stress of the war and reconstruction the common people want to be left alone to make the best possible living. Facts and the present engage their attention rather than beautiful theories and a millennial future.

The real socialists of Germany are the communists. The regular socialists are really only liberals. The former made a sorry showing in the recent presidential election. Nobody seems now to have any fear of communism in Germany. The people are more interested in work and getting more of it. They know from past experience that the capitalistic system at least has the merit of working, producing wealth and giving abundant employment under normal conditions. Moreover, they are very near to the Russian experiment in pure socialism, and they are not impressed by it.

It is still very difficult to ascertain precisely what is going on in Russia. The Bolshevists seems to be strongly entrenched, but their tyranny does not appeal to liberty loving men much more than did the tyranny of the Czars. Despite their universal political power the Bolshevists seem to be slipping away from communism in practice. In the end they will probably have to yield to realities and human nature.

It is often remarked that Russia was the least adapted of all the Western nations to an experiment in communism, because it was so little industrial and so largely agricultural. On the other hand it would seem as if a rather primitive and not highly industrially organized nation would be better fitted to a radically new regime than a complex industrial society. However, the fact remains that with a large population of docile if not servile people, mostly desperately poor, the Bolshevists have so far failed economically, whatever the excuses that may be advanced. Theoretically, with all the labor at their command, and in possession of all-embracing natural resources, they ought to make a go of socialism. The very fact that they are continually making advances to the capitalistic nations for capital loans is an ironic disproof of their theory. With unlimited labor and boundless supplies of material, working capital ought not to be necessary from the outside. If labor applied to materials is the source of all wealth, Russia ought to be a Utopia now—if human nature is what the socialists fondly believe it to be, or rather believe it not to be. But somehow they don't seem to be able to produce the instrumentalities of increased production and reward the laborer well at the same time. In other words communism doesn't work; it doesn't produce; and without production the most humane and generous paper-theory of distribution doesn't get a chance to start.

So, as I said at the beginning, the trend of events abroad sustains the position of organized labor in America. Labor in America accepts the capitalistic method of production and also of trained and able direction. It admits that the present system is far from perfect and is charged with social injustice. But it realizes that this is a generally imperfect world of imperfect people and that no theory can lift itself in practice above facts and humanity.

Capitalism—modern industrialism—works, produces wealth and manages to sustain more people with a given amount of material than any other system men have tried. Certainly, with Russia's recent experience before us, we are not enamored of destroying the whole marvelous machine of our collective economic life for the sake of eliminating its evils. Our idea is to

> "... *America has the immensely important fact to count on that American labor is not socialistic. Whether it shall continue so may depend in no small degree on how much sagacity and breadth of vision employers have in dealing with collective labor—the labor organizations. It is conceivable that in despair and resentment, American labor may yet give up its co-operative mood and constructive bent and join the destroyers.*"

improve it. That we hope to do by so shaping it that without impairing its productivity and its mechanism it will do more for the common run of men than it has yet done. To that end, the organization of labor is essential. When labor's rights and share are fully recognized by capitalists and industrial managers, the system will be much ennobled.

The trouble with capitalism is that it magnifies the importance of capital at the expense of the human element, if its processes be dictated solely by owners of capital and managers. We hope to endow it with the broader motive of operating for the maximum benefit of all three of the human elements of the industrial scheme. That can only come about through the full and cordial recognition of labor by the other factors. Human selfishness being what it is, that will be a dream unless labor is as fully equipped to look out for its interest as the others are. It can attain that position only by general and well-disciplined organizations.

It is not true that powerful labor organization means constant friction, violent disputes and destructive strikes in the industrial world. That happens only so long as capitalist and managers deny labor its rights as an industrial partner and bitterly oppose its just aspirations. The next great forward step in American industrial peace (the immediate outlook for which is bright) is universal recognition of organized labor. When labor no longer has to fight continually for its organized status, it will present a very different face toward its associates.

Today it has to be aggressive; sometimes domineering and dictatorial, because it is fighting for its existence as an entity. Self-preservation is the first law of nature—and necessarily a harsh and brutal one. But when our place of authority and respect in the industrial world is established, all controversies will be approached in a judicial rather than in a combative mood. As equal partners, so to speak, we shall naturally at all times give due weight to the equilibrium of the ship. You will not find us rocking it in the hope that somebody else will be spilled out. It is a mystery to me that American industry does not appreciate its rare good luck in having a labor element that is not generically inimical to it. One would think that managers and capitalists would hasten to establish with such labor a perpetual harmony based on the solid ground of mutual respect and recognition.

American labor does not believe in restriction of production as a means of getting more wealth for itself. We are devoted to efficiency, to increased production for every unit of capital and labor. We understand that wages are paid out of products, and the more product the more opportunity for wages. We oppose the industrial policy that seeks increased production only for the enrichment of owners and managers. We are working for harmony and equity; not for discord and injustice. We reject socialism because it is just a dream, and we know that dreams do not fill pay envelopes, but we propose to get our just dues from the present system.

To the average American working man the socialistic labor organizations of the Old World seem to be nothing but frothy debating societies when they are not lunatic revolutions ready to die for a bit of empty rhetoric. The alien communistic Workers Party is trying to introduce into this level-headed country the verbose vapidity of the European crank-dreamers. Their appeals and proclamations are a joke to the majority of American laborers. But I wonder how our bitter enemies would like it if the American Federation of Labor should be won over to such exotic bunk as this from the May Day appeal of the Workers' Party, which has just come to my desk:

> "The Celebration of May Day shall be made a United Front demonstration of all organizations of workers and poor farmers. We shall call upon the toiling masses of the United States to lay down their tools on that day and to demonstrate for the following demands:
>
> 1. Down with wage-cuts, open shop drives and child labor!
> 2. Answer the capitalist attack with strikes!

(*Please turn to page* 1170)

An Important Figure in the Labor World

WILLIAM GREEN has been for many years an outstanding figure in the American labor world. As secretary-treasurer of the powerful Mine Workers Union he was a pillar of strength in that redoubtable organization, and enjoyed an extensive business experience in administering its funds and properties. He represented it in the American Federation of Labor as one of the vice-presidents of the latter. He has fought communism and direct action socialism bitterly and has nothing but contempt for any sort of socialism. In personal politics he is a Democrat, believes in the bi-party system of government and was opposed to the alliance of the Federation with LaFollette, Socialism and the rest of the Adullamites in 1924. So far as his influence dominates, the American Federation of Labor, as an organization, will never again support any third-party movement. He is 53 years old, in full vigor and excellent health; a hard fighter but a fair one. Under his administration Unions affiliated with the American Federation of Labor are fighting hammer and tongs the communists, syndicalists and other borers-within, who seek to gain control of the Federation for the promotion of their revolutionary designs. If it were the graceful thing to do so Mr. Green probably would have added to his list herewith of repulses of socialism the sweeping defeat of LaFollette and his more or less unwilling allies. In the meantime, it is worth noting the candid note of warning to capitalists uttered by Mr. Green while opposed to socialism. Mr. Green points out that if American labor is not given a fair chance it may in its resentment join the destructionists. This article is surely worth the thoughtful consideration of all who follow current important economic movements.

The gilt-edge bond has long had a revered place in the estimation of investors. Yet, if investors knew it, the gilt-edge bond has only apparently been safe; actually it has at times been a treacherous instrument, depending on the ever fluctuating value of the dollar.

A bond may be paid off one hundred cents on the dollar and actually show the investor a considerable loss. It may pay interest for many years and yet, depending on conditions the investor may find himself with a depreciated income.

When gilt-edge bonds should be held is graphically explained in this analysis of one of the country's foremost economists. Investors have a right to know:

When Are Gilt-Edge Bonds Safe?

By IRVING FISHER
Professor of Political Economy, Yale University

THE investing world has recently been startled by reports of a number of market studies showing that well diversified stocks make a better investment than bonds. This is especially true during a period when commodity prices are rising, in other words when the dollar is falling in purchasing power.

I was among the startled. But what startled me was not the conclusion itself, but that the investing world should have suddenly waked up to that conclusion, after having been oblivious to it so long.

Now that this has happened and various investment trusts have been formed to make the "new" idea practically available for investors, the question obtrudes itself: *Why* has the financial world been so oblivious to its own interests all these years? How is it possible that keen eyed speculators and investors have not taken into account what now turns out to have been the most important element in investment? Why have they lived in a fool's paradise, fondly hugging the delusion or illusion that gilt-edge bonds are "safe" when the income from them, *is real purchasing power*, is inherently treacherous, more so than the income from assorted stocks? In short, why have bondholders not known it when their pockets were picked so stealthily by our unstable dollar?

The answer is: "The Money Illusion." Everybody, until he is educated out of it, is subject to the money illusion and takes it for granted that "a dollar is a dollar" or "a mark is a mark" simply because he thinks in terms of dollars or marks. The illusion is just as natural as the illusion of sunrise which required a Copernicus and generations of education to eliminate. In fact even today, although we learn in the elementary schools that the earth is not, as it seems, stationary, while the sun rises and sets, but is continually revolving while the sun remains stationary, we still speak of "sunrise" and "sunset."

Three years ago, when I visited Germany I found that over nine-tenths of the people believed the mark was stationary while commodities for some strange reason were rising in price. The people of every country have this money illusion in respect to their own money. The result is that we understand the variability of the moneys of other countries better than we do that of our own. Everyone in America realizes the "fall of the mark" while millions of people in Germany do not realize it even yet.

"Oh wad some power the giftie gie us,
To see oursel's as others see us!"

Sir David Barbour, a banker, and one of the few Englishmen who have made a thorough study of this very subject, in his "Standard of Value" tells of an Englishman, General Keatinge, and a Hindu merchant who, some forty years ago, when the exchange on India was rapidly falling, had a conversation on business conditions. The Englishman mentioned the "fall of the rupee." The Hindu had never heard of such a thing, and said in surprise "fall of the rupee? I wonder what you mean. I have my agents all over India and they never once reported to me any such thing." After a pause, he added, "I think I know what you must mean. They have spoken of the rise of the pound sterling." Here we have the spectacle of an English business man thinking that the rupee had changed while the Hindu business man thought the pound sterling had changed. (As a matter of fact, both had changed somewhat.)

Americans are no exceptions to the rule. Quite naturally they think the dollar never changes, but only the mark, the rupee, the pound sterling, the franc, and so forth.

Some years ago, I was trying to explain to an American business man the necessity of a more stable dollar. He answered that he had never heard of any instability of the dollar, that he had been on boards of directors of all kinds of business enterprises and had never once heard such a complaint. And now, at last, the business world is making just that complaint!

Of course, investors who have not rid themselves of the money illusion have suffered none the less from our unstable dollar, suffered more, in fact, than those who have understood the situation. But they have never connected their suffering with the real reason. Bondholders have been hard hit when the dollar has fallen in purchasing power; but they did not ascribe their losses to the fall of the dollar. So far as they could see their investment had been "perfectly safe." What they thought had hit them was the "high cost of living," never suspecting that the so-called high cost of living was, at bottom, a low purchasing power of the dollar and due to inflation. They kept in two watertight compartments of their brains the idea of the dollar as something constant and the idea of the high cost of living as something variable.

They thought of the high cost of living as something which hit everyone although, in a vague way, they complained of the "profiteer" as one who had benefited thereby. They did not

TABLE I
COMPARISON OF REAL YIELDS OF STOCKS AND BONDS*

Period	Test Number		Rate of Return: In Dollars (Uncorrected)	Rate of Return: In Corrected Dollars
1866-1885	6	Bonds	6.8	11.7
		Stocks	7.2	11.7
1866-1885	5	Bonds	6.8	11.7
		Stocks	9.3	14.0
1880-1899	4	Bonds	5.1	6.6
		Stocks	9.0	11.3
1892-1911	7	Bonds	4.8	4.4
		Stocks	8.2	7.6
1901-1922	1	Bonds	4.0	1.1
		Stocks	9.1	6.2
1901-1922	2	Bonds	4.0	1.1
		Stocks	7.9	5.0
1901-1922	3	Bonds	4.0	1.1
		Stocks	9.3	6.3
1901-1922	9	Bonds	4.0	1.1
		Stocks	7.7	4.7
1901-1922	10	Bonds	4.0	1.1
		Stocks	5.8	2.7
1901-1922	11	Bonds	4.0	1.1
		Stocks	7.5	4.5
1906-1922	8	Bonds	3.9	0.8
		Stocks	6.5	3.3
1906-1922	8a	Bonds	3.9	0.8
		Stocks	6.5	3.2

realize that the gain which the stockholder or "profiteer" was making was made at their, the bondholder's, expense because of our tricky dollar; and that a bond is not really safe as long as the dollar in which it was expressed is not safe, any more than a bond in German marks was safe simply because the principal and interest were sure to be paid.

American investors now know that millions of Germans had their life savings swept away by the fall of the mark, *not because the principal and interest were not paid, but because, after they were paid, the marks received in payment would buy so little.* Yet they seldom applied the losses to themselves in spite of their difficulty in trying to live on their "fixed" incomes from bonds, during rising commodity prices. In short, they knew that they were hard hit but did not know what had hit them.

The truth, of course, is that *a bond in order to be safe must not only be safe as to repayment but safe as to the purchasing power of the dollar.* The mere certainty that a thousand dollar bond, due twenty years hence, will be paid in full is of little consequence, if, when the twenty years are up, the dollar shall have fallen in purchasing power as the mark did. The trusting investor is entitled to some guarantee that the dollar will not fall in that way; and, just now, as every economist knows, if the surplus gold in the United States were not kept locked up and out of harm's way, it might well lose a large part of its value. We have to thank the Federal Reserve Board and Banks, for preventing, during the last two or three years, a tragic fall of the dollar. More strength to their elbow! Let every bondholder so pray.

There are rumors that international arrangements are brewing by which our Federal Reserve System, in conjunction with the Bank of England and other great banks of the world, may carry out the recommendations of the Genoa Conference of two years ago, which conference officially recognized, by unanimous vote of 31 nations, the instability of gold and proposed a plan for stabilizing the moneys of the world, both relatively to each other as expressed in the international exchanges and relatively to commodities. If this can ever be accomplished through the Genoa plan, or through any other plan for stabilizing the dollar and other units, then a gilt-edge bond will really be what it has been intended to be, a "safe" investment. Hitherto, however, the "safety" of bonds has been a delusion and a snare. Sometimes (namely when the dollar was steady) bonds have yielded a steady income. Sometimes (namely, when prices were falling, i.e., the dollar rising) they have yielded an increasing income measured in purchasing power. Sometimes (namely, when the dollar was falling in purchasing power) they have yielded a shrinking income and a shrunken principal in purchasing power. Yet this picking of the bondholder's pocket was so subtle that he submitted to it without a murmur; or rather he murmured only against the high cost of living and not against the insecurity of his investment or the dollar. As a matter of fact the crucial element in investments is the value of the dollar.

The effects of unstable money on the stockholder are somewhat more complicated than the effects on the bondholder. While directly a so-called "high cost of living" injures both stockholder and bondholder alike as consumers, indirectly it helps the stockholder as producer. Suppose that, before the war, a company with $100,000,000 of bonds and $100,000,000 of stocks was paying five per cent on both. In other words, $5,000,000 was distributed to the bondholders each year in interest and $5,000,000 to the stockholders in dividends, or $10,000,000 gross profits altogether. Suppose the war doubled prices and suppose the company then had the same volume of business as before, but at double the prices. Suppose furthermore, that the prices the company *pays* for its expenses are doubled as well as the prices it *receives* for its product. This will result in doubling also the *difference* between gross receipts and expenses, i.e., the gross profits. These will rise from $10,000,000 to $20,000,000, to be divided between stockholders and bondholders. (This doubling is true only in terms of dollars; for in actual purchasing power the $20,000,000 today is no more, and no less, than the $10,000,000 before the war.)

But the $20,000,000, unlike the $10,000,000, will not be equally divided between stockholder and bondholder. The bondholder is tied by his contract to five per cent and therefore will get just $5,000,000, while the stockholder will rake in what is left out of the $20,000,000, that is $15,000,000.

Nominally the bondholder has the same income as before, $5,000,000. But in actual purchasing power he has half as much as before. The stockholder nominally has three times as much as

*The more heavily bonded a company, the greater the loss to its stockholders in case of falling prices. When there are no bonds, or long time "fixed" obligations, the stockholders bear no direct risk from unstable money, although important indirect risks exist.

TABLE II
THE ADVANTAGE OF STOCKS OVER BONDS

Period	Test Number	Rate of Return: In Dollars (Uncorrected)	Rate of Return: In Corrected Dollars
1866-1885	6	0.4	0.0
1866-1885	5	2.5	2.3
1880-1889	4	3.9	4.7
1892-1911	7	3.4	3.2
1901-1922	1	5.1	5.1
1901-1922	2	3.9	3.9
1901-1922	3	5.3	5.2
1901-1922	9	3.7	3.6
1901-1922	10	1.8	1.6
1901-1922	11	3.5	3.4
1906-1922	8	2.6	2.5
1906-1922	8a	2.6	2.4

The bondholder is hard hit when the dollar falls in purchasing value. He benefits when its value increases.

before, $15,000,000, instead of $5,000,000, but, since the dollar has been cut in two, this is really only one and a half times as much as his share before the war. In short, the bondholder has lost fifty per cent of what he used to get and the stockholder has gained fifty per cent. The unstable dollar has stealthily picked the pockets of the bondholder for the benefit of the stockholder.

When prices are falling the operation is the other way around. Other causes, however, are always at work to favor the stockholder so that he seldom, as a group, gets "stung," in pite of the fact, so evident as to be overemphasized, that, in any individual enterprise, the stockholder takes the risk of the success of that enterprise.

Turning from theory to facts we find by index numbers that the dollar has changed in purchasing power sometimes even more than in the above example. Taking the pre-war dollar of 1913 as a standard for comparison we find, going back to 1860, that the dollar at that time was about the same; so that it makes little difference whether by "pre-war" dollar we mean pre-World war or pre-Civil war. We find the value of the dollar falling from 100 pre-war cents in 1860 to 40 pre-war cents in 1865, then rising to 150 pre-war cents in 1896, then falling to 40 pre-war cents again in 1920, then rising to 72 pre-wars in January, 1922, and then fluctuating slightly until, last week, according to my weekly index number, it was 62 pre-wars.

If the theory is correct we should expect that, during the periods of rising prices mentioned, the bondholder would suffer while, during those of falling prices, his position relatively to the stockholder would be much better. And this is precisely what these recent investigations have shown. The result most new, however, is that, even under the acid test of falling prices, when the bondholder has a great advantage as far as changes in the purchasing power in the dollar go,—even then, the stockholder is usually as prosperous as the bondholder.

In short, these new studies show that the bondholder has paid dearly for his supposed "safety" and that his safety has turned out to be only supposed,—not real.

As these facts sink in we may expect the investing world, interested in safe investments, to insist some day on real safety, instead of the mere empty shell of nominal safety.

Hitherto there has been a disposition to soft pedal on the risks of the bondholder as though it were an unkindness to him or to investment brokers to point out the losses from the unstable dollar which they have failed to notice.

I could scarcely believe my delighted eyes when I recently read in an advertising circular, "Would you save or invest money at all if you thought that in twenty years each $1,000 would be worth only $400? Absurd, you say! Not at all, for this is EXACTLY the experience of many people who twenty-five years ago put their money into what, under the conventional theories, was the soundest form of investment. Unbelievable though it may seem, investors the country over are regularly investing their funds and ignoring a factor fundamental to insuring the preservation and growth of their capital. *Revolutionary—But Sound Beyond Question*—STUNTED DOLLARS, etc., etc.

It was equally surprising to find a brokerage company, quoting a page from one of my own writings as follows:

A friend of mine, a woman, was left in 1892 a fortune of $50,000, put in trust, and the interest was paid to her, about $2,500 or $3,000 a year. The property was invested carefully in bonds. It so happened that in 1920 this lady thought she would like to see the trustee who had been managing this property all these years. So she and I went to the trust company, and the trustee showed us how careful he had been of the investments.

In times when the value of the dollar decreases—or, when prices are rising—the stockholder benefits. When prices fall, the bondholder's advantage increases but the stockholder may not necessarily suffer. Generally, the advantage remains with the stockholder.

He had invested only in "safe" bonds, not in unsafe stock. I said, "I claim there has been an impairment of seventy per cent or more." He said, "Nothing of the sort. You can look at my books." I said, "I haven't any doubt of your personal honesty." Then I explained. "This lady has not been receiving any income. Her father put in your custody $50,000, which represented at that time a certain purchasing power, so much bread and butter and clothes and house rent.

"If you had kept custody of that sum as real value in terms of human living, not merely as dollars, you would have the equivalent of it today, and the equivalent of it today would be over $150,000. You haven't got it. You have only $48,000. If you had really conserved that fortune in actual purchasing power, you would not have paid her that $2,500 every year. You would have reinvested out of that a sinking fund against the sinking value of the principal, so as to keep up the value of the principal to where it was when it was put in your hands. But you would have had to invest all of that $2,500!

"Therefore I claim she had not been receiving any income from a real unimpaired capital. The alleged income has all been falsely kept on your books—not through your fault—but because you have been keeping it by false weight and measure—just as falsely as if in Germany a fortune of 50,000 marks in 1920 had been called as large as 50,000 marks in 1892."

He said, "It is not my fault." I said, "No, But for Heaven's sake, you people who are keeping fortunes of widows, orphans, colleges, hospitals and churches, can't you be interested in something more than whether it is your fault or not? Can't you be interested in the great social effort of preventing these widows and orphans and hospitals and colleges from being robbed?

"This woman's income is *only one-third in value* of what it was when she began. If you had *invested* in *sound ordinary stocks*, she would have been *richer* rather than *poorer*, because the *stockholders* of this country have been winning what she has been *losing* as a *bondholder*."

So far as I know the first book on practical investments to even mention the important role of changes in the value of the dollar was Walter E. Lagerquist's "Investment Analysis," 1921. The first book to put the main emphasis on this factor appears to be "Investment Counsel" by A. Vere Shaw of Scudder, Stevens and Clark, 1922. The next appears to be Robert W. Pomeroy's "Stock Investments," 1923.

But none of the important events just mentioned, nor several others which might be mentioned, have impressed the investing public as profoundly as certain events of the past few months, including especially the publication of Edgar Smith's excellent book, "Common Stocks as Long Term Investments" (Macmillan).

Mr. Smith made about a dozen comparisons to show how the stockholder and bondholder actually fare at different periods. In the various tests, several different methods of selection* were used but all were calculated to favor bonds rather than stocks. Otherwise the superiority in yield of the

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"The truth . . . is that a bond in order to be safe must not only be safe as to repayment but safe as to the purchasing power of the dollar."

* In each case ten stocks were chosen on some basis available at the date of investment, not revised in the light of later experience. Thus Test 1 includes the ten industrial stocks of greatest sales; Test 2 of most consistent dividend records; Test 4 is half in Rails; Test 7, distributed to represent different industries; 9 and 10, all Rails, etc.

The World's First Billionaire

Henry Ford's the Greatest Fortune in History of Mankind —What Will His Wealth Amount to in Twenty Years?

By KEITH DE FOREST

HENRY FORD is our first billionaire. He is not only the richest man in the world, but the richest man who ever lived.

That Ford is the greatest money-making machine the world has ever seen cannot be gainsaid. Whether or not he is truly great remains to be proven. Ford has done wonderfully clever things in business and some very foolish things outside of business. Time will test him and assay him at his true value.

This article is not interested in the personality of Mr. Ford. We are concerned with him only as a financial and economic factor, and as such he bulks large. The question arises as to whether the accumulation of such enormous wealth in the hands of one individual may not be a menace. This is not a new question, but newly presented on a scale never attained before.

Rockefeller Never a Billionaire

John D. Rockefeller never was a billionaire. The loose-thinking world gave him that title for a long time until his son a few years ago, dissipated the conception in a public statement. Probably $700,000,000 represents the high-water mark of the Rockefeller fortune when it was greatest and intact. Mr. Rockefeller has given away 70% of his fortune in public and private bequests and a large portion of the balance has been placed in the hands of his son and members of his family. There are many men in the country today who are wealthier than John D. Rockefeller, Sr.

In the less than 23 years of existence, the Ford Motor Co. has made upwards of $625,000,000 net. The graph which accompanies this article is approximately accurate. Up to and including 1921 the figures are by the Ford Motor Co. Earnings since that time are as shown by the gain in surplus from year to year. Since it is the practice of all corporations to write off as much as the law allows for depreciation and depletion for tax purposes, the accompanying tabulation must be regarded as ultra-conservative, the more so because earnings after 1921 are after dividends which may have been paid on the company's $17,264,500 $100 par value of stock outstanding.

How much is Henry Ford worth in dollars and cents? A hard question to answer, and one that cannot be answered with exactitude. The Ford Motor Co. has never published an income account, and now that Ford owns all the stock there is little likelihood of the public's being taken into the confidence of the company's profit and loss statements. There are, however, certain indices which may be used to attain a very fair estimate of the size of the Ford fortune. The company's balance sheet as of December 31 last reported a profit and loss surplus of approximately $560,000,000. This gives a book value to the 172,645 shares of stock outstanding, of about $3,242 per share, including goodwill at its stated value of $20,517,985. But book values, while they have their place in finance, are not final tests of value. Earning power is much more important.

Last year the Ford Motor Co. earned a trifle more than $100,000,000, or more than $581 per share on the outstanding stock. Ford's banner year was the twelve months ended February 28, 1923, when the company showed $691 per share on its stock.

One hundred million dollars is a 10% annual return on a billion dollars and a 6% return on $1,600,000,000. We will leave it to the reader to decide whether he would be willing to buy the Ford Company on a 6% or a 10% return basis.

But there is another factor to be considered in respect to values. That is the rate of growth of the earning power. A company which has obviously reached its growth limits—and where is there such a company—ought not to expect to be valued on a basis better than 6%. But one which has shown such marvelous earning vitality as the Ford Company might reasonably expect to be valued on much more favorable terms. The stocks of the better Standard Oil subsidiaries, for instance, have been selling for years on from 2% to 4% basis.

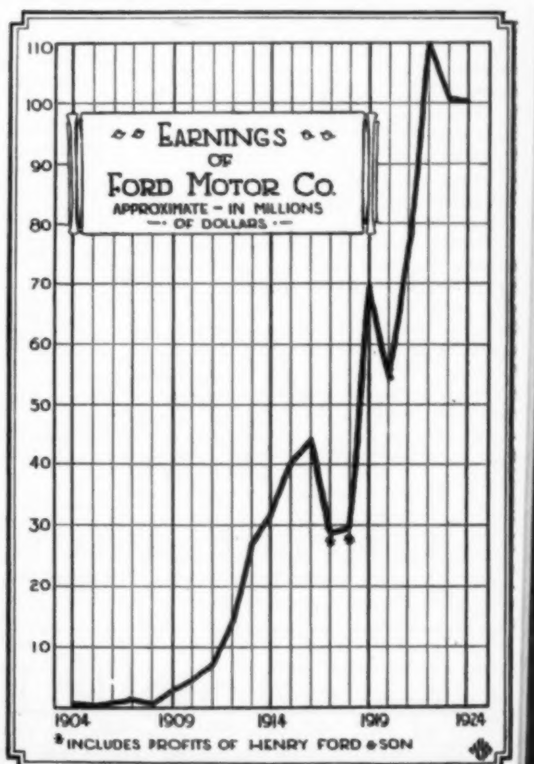
Let us examine the earnings growth of the Ford Motor Co. During the first four full years of operations earnings more than quadrupled. In the next four years they sextupled. *Not over the earnings of the first year of operations but over the last year's earnings of the preceding period!* In the next five years they increased nearly eight times, and in the next five years 1.3 times. During the last four years earnings have gained 1.4 times over 1921, which at that time was by far the banner year of the company's history.

Of course, as earnings mount the ratios of increase become smaller, but it is of interest to note that 1924's earnings were almost double those of 1920. Taking this growth of earning power into consideration, it is not extravagant to say that the Ford Motor Co. has a present potential valuation of something like one and three-quarter billions.

In considering Ford's personal wealth outside of the Ford Motor Co. we are entering into the realms of pure conjecture. What he and the members of his family own in the way of securities, real estate, investments, personal property, etc., nobody knows. In the twenty-two years of its history the Ford Motor Co. has paid out many millions in dividends. Ford's former partners received a very large share of those dividends, but Ford received a greater part. If Henry Ford is not potentially twice a billionaire today, he will be in a very few years.

The Ford fortune has been the fastest grown in the history of mankind. When Ford was 40 years old, he hadn't a dollar, figuratively speaking. He is now 62 years old and is becoming richer at the rate of nearly $200 a minute every minute of the day.

(*Please turn to page* 1145)



Have You Got Your $3,000 Yet?

That is Your Pro Rata Share of Our National Wealth—U. S. Rapidly Becoming an Industrial Nation — Our Great Problem of the Future

By RALPH CAMPBELL

IF Uncle Sam should confiscate all the wealth and property in this country tomorrow, and give to each citizen his proportionate share of the whole, each of us would receive approximately $3,000. At that the citizens of the United States would receive a total of approximately four times that which the citizens of Great Britain would receive under similar conditions, and Great Britain is the second richest nation in the world. The foregoing is not an argument in favor of communism, but merely to point out that Uncle Sam is the world's dollar king and has no peers.

Not only is this country by far the richest nation of the world, but its wealth is growing the most rapidly with the exception of Canada. And the United States is more than fourteen times richer than Canada. Accompanying this article is a tabulation showing the estimated national wealth of the world's ten leading nations for 1922 and 1912. These figures were compiled by the Bureau of Census and are the latest and most accurate available. They are necessarily estimates, but are official and may be accepted as the best obtainable.

Certain important countries had to be left off the tabulation for the reason that data for either one or both of the two periods of comparison, was not available. Among them were Spain, Russia, Mexico, China and most of the South American countries. Spain's wealth in 1922 was rated at approximately 29 billions, which would give her fifth place in the tabulation. Mexico's was close to 8 billions. China's wealth in 1922 was placed at approximately 19 billions. In 1912, Russia was rated at 56 billions with no estimates available for 1922.

Germany is the only country whose wealth declined in the decade under consideration, and the reasons for that are well known. Even at that, Germany is the fourth richest nation in the world today, with a total of close to 36 billions. Other countries not included in the table because 1912 figures are not available are Poland with a 1922 wealth of 22 billions, Cuba 8 billions, Brazil 13 billions, Chile 3 billions, Peru 4 billions, India approximately 22 billions and Finland 3.6 billions.

If Uncle Sam's wealth has increased in the last two years at the same rate as in the preceding ten, this nation at the present writing has a net worth of in the neighborhood of 350 billion dollars.

The growth of wealth in this country in the last twenty-two years is shown in the following compilation.

	Billions of Dollars
1900	88
1904	107
1912	186
1922	320

Of our present wealth, the great bulk, as to be expected, is made up of real property and improvements. The total is approximately 156 billions for such taxable property and 20.5 billions for exempt real property. Then follow clothing, personal adornment, furniture, horse drawn vehicles and like property, with 29.8 billions. Next are manufactured products with 28.4 billions, railroads and equipment 19.9 billions, manufacturing machinery, tools and implements 15.7 billions and street railways, shipping, waterworks, etc., 15.4 billions. Livestock tops agricultural products with 5.8 billions for the former against 5.4 billions for the latter. Ten years previous to 1922, automobiles formed no important part of our national wealth but in 1922 they were valued at 4.5 billions and almost equalled the 4.8 billions valuation of street railways. Other important items in our national worth are gold and silver coin and bullion, 4.2 billions, imported merchandise 1.5 billions, privately owned electric light and power stations 4.2 billions, shipping and canals 2.9 billions, telephone systems 1.7 billions and farm implements and machinery 2.6 billions.

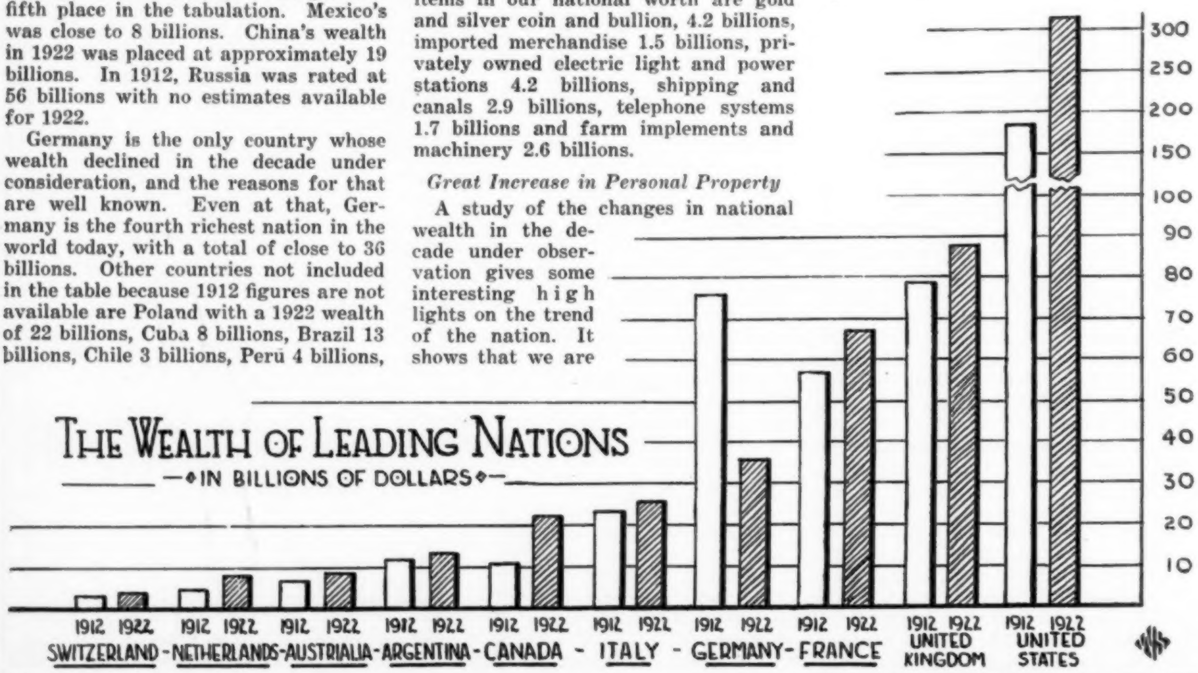
Great Increase in Personal Property

A study of the changes in national wealth in the decade under observation gives some interesting high lights on the trend of the nation. It shows that we are getting away from the soil and becoming more and more an industrial country. While farm implements and machinery doubled in value during the decade, livestock decreased from 6.2 billions to 5.8 billions. Our farmers are taking up the use of machinery and time and labor-saving inventions and devices as is no other nation in the world.

Notwithstanding, agricultural products advanced only from 5.2 billions to 5.4 billions while manufacturing machinery, tools and implements jumped from 6 billions to 15.7 billions, and manufactured products approximately doubled from 14.6 billions to 28.4 billions. That the American people intend to have the good things of the world is evidenced by the increase in clothing, personal adornment, furniture, etc., from 12.7 billions to 39.8 billions. We have already mentioned the matter of automobiles. Imported merchandise is in high favor in this country, advancing from 826 millions in 1912 to 1.5 billions in 1922.

Americans are the greatest users of electricity in the world but the growth in electric communication is in the telephone not the telegraph. Telephone systems were valued at approximately 1 billion in 1912 and 1.7 billions in 1922. Electric light and power stations doubled in value in the decade, standing at 4.2 billions at the end of 1922. Mining, on the other hand showed a decrease, the 815 millions of

(*Please turn to page* 1168)



An Object Lesson in Good Investing

Average Experience of Readers of This Publication a Good Standard to Go By

By RALPH RUSHMORE

In this article, we publish the results gleaned from the Investment Questionnaire, presented in our issue of February 14th, last.

Readers will find these results of very substantial interest. They afford an interesting indication of the Investment Position, Record and Methods of the average reader. Furthermore—as students of investment will agree—the average case reaches a standard high enough to justify its presentation as an Object Lesson in Good Investing.

The Magazine takes this opportunity to cordially thank all readers that replied to the questionnaire. It was inclusive, and therefore lengthy, and the careful answers supplied undoubtedly took no little time to compile.

IN the issue of February 14th, last, THE MAGAZINE OF WALL STREET published a unique questionnaire—

In which readers were asked to answer twenty or more difficult questions about themselves—

Each question being thought to have a direct and significant bearing upon the individual investor's Record, Position and Methods, in matters of investment—

And the whole questionnaire being thought an excellent means of determining how the Average Investor "shapes up" from a purely financial point of view.

The returns from this questionnaire were not enormous, in point of numbers. In fact, the total number of replies received was somewhat less than 200.

At first blush, then, it might not seem justifiable to use the averages produced from this questionnaire as evidence of the average experience of American Investors, or even of the average experience of readers of this publication.

Examination of all the replies received, however, puts a somewhat different face on the matter. Such examination reveals a very wide variation between the records, position and methods of the individuals making replies. Thus, the first five replies received showed the following wide variation, one from another, in respect to yearly Business Income and Outside Income:—

	Business Income	Outside Income
1	$7,500	$100
2	4,000	900
3	8,000	3,000
4	1,200	800
5	0	7,400

—and a similar variation is encountered throughout the remainder of the list.

What the replies from the questionnaire lack in numbers, then, they very evidently make up in diversification. And so, where lack of such diversification and variety would have forbidden a table of averages, its presence in such abundant measure amply justifies such a table.

It is on this basis, then, that a table of averages has been compiled from the questionnaire replies as received, and is presented elsewhere in this article—not as a true picture, necessarily, of the average experience of ALL investors, but instead as a pretty well-founded analysis of the average experience of *the investor-readers of this publication.*

The interesting revelations of this Table of Averages are briefly discussed in what follows:—

(1) The Average Investor-Reader has a Business Income of $6,000. The highest is $42,000 and the lowest is nothing.

(2) His Outside Income is $1,800 a year. In the great majority of cases, it is around $1,000. In one case it reaches as high as $35,000.

(3) His Investment Capital is $31,500; and this he distributes over the four major fields of investment according to the following percentages:—

In Real Estate	20%
In Gilt-Edged Sec's	33%
In Med'm Grade Sec's	30%
In Speculative Sec's	17%
	100%

In other words, Mr. Average reader is a very sensible gentleman in matters financial. He keeps the largest bulk of his capital in highest-grade commitments, and the great bulk of it in comparatively safe commitments. He sets aside only 17% for speculation—not too little, certainly not too much.

(4) Mr. Average Reader is either an astute investor in his own right, or he is well-advised, or both are true. In any event, he made $4,300 in security

profits in the last five years, of which $1,840 was made last year.

But profits, of course, aren't the only things that result from security-commitments. There are, of course, losses, every now and then. What is Mr. Reader's record in this respect?

Against an average profit last year of $1,840, a loss of only $245; and against an average gain in the last 5 years of $4,300, a loss during the same period of only $1,534.

So much for those who contend that intelligent investing is not worth while.

(6) How much of a trader is Mr. Reader? Does he spend most of his time watching the tape? Is he an unsubstantial "pyramider"—that is, one of the gentry who delight in reckless marginal dealings?

We could have surmised he wasn't from his annual business income— whose amount is not earned by men who spend most of their time and energy in other-than-business affairs. We can be perfectly sure of it from what the average table shows, i.e.: No less than 80% of Mr. Reader's securities are held outright; 5% of them are being purchased on the Partial Payment Plan; only 15% are held on margin.

For which evidence of wisdom on Mr. Reader's part, we may well make another bow. The man who puts only 17% of his capital in speculative securities, and holds only 15% of his securities on margin is a pretty sound type of individual.

Of course, not every one of the answerers could boast such a showing. In one case, indeed, the very worst possible showing was reported. We refer to "Case 120," where:—

Income from Business was	$300
Investment Capital	900
Total Profits, last 5 Years	None
Total Losses, last 5 Years	$15,000
Percent of Capital Invested in Speculative Securities	100%
Percent of Security-Commitments being held on Margin	100%

Certainly no extreme could have been found much more appalling than that. If Case 120 sees these remarks here, we trust he will accept the advice which all our other readers must certainly approve: That, with his record, a man's funds should be invested 100% in Gilt Edged issues, rather than speculative issues, and he should hold them 100% outright, rather than 100% on margin. Time enough for him to try to recoup when his record shows him better prepared to do so, and when his financial position has been sufficiently strengthened.

(7) Mr. Reader receives an average yield from his invested capital of 5.75%. At first glance, this might seem small; at second glance, which takes in the fact that the larger part of his commitments are of the higher-grade type, it will be recognized as just about right.

Some of the cases covered report even smaller returns, while at least one reports a very much higher return. The latter reveals himself as actively interested in western farm-mortgage securities, which is sufficiently explanatory.

(8) Mr. Reader has not escaped his share of the Investor's Burden. He has put, all told, over $1,500 into securities which are now worthless since he started in. In several cases, these worthless securities have the stamp of an empire upon them and are known as German marks. In most other cases, they are either oil or mining stocks. In some cases they represent securities purchased from relatives or friends which, instead of being listed among investment losses, ought really be listed among charitable donations. As one of the victims in the latter class says, "I expected to lose—and I did."

But Mr. Reader, isn't shedding any tears over this slight mishap in his career. As a rule, he views it quite philosophically. Indeed, in one case he refers to his commitment in now worthless securities as "the best investment I ever made."

After all, a financial education *is* worth a little something!

(9) In respect to losses from banking and brokerage failures, our friend Mr. Reader is not so badly off. He has lost only $342 from this cause since he started in, or one-twentieth of a year's salary. Considering that, in the great majority of cases, he has been "at it" for many years; and considering, further, the number of failures in this class during the period, his experience in this respect has been far from discouraging.

Would it be an impropriety, in these editorial columns, to suggest that this experience may have some bearing upon the quality of certain advertising columns, not far distant?

(10) He has not failed to absorb the lessons which Mrs. Clarendon has taught through the insurance columns of "BYFI." He holds $12,500 of Insurance.

(11) As to Living Expense, etc., it is, we admit, largely of academic interest to note that Mr. Investor supports a family of three on an expenditure of $2,550 a year for Food, Clothing and Shelter. If we split this three ways, as the Budget experts tell us we may, Mr. Investor spends:—

$850 a year for Clothing
$70 a month for Rent
$16.50 per week for Food

Those wishing to check up on this table of averages are advised to compare the foregoing with the average living expense, same items, through the country as a whole.

(12) Mr. Investor hasn't any patent schemes for saving money. In fact, he follows no definite savings plan, in 46% of the cases. Yet he recognizes the wisdom of a Safety Margin and plows back no less than 35% of his Total Income each year. How much this means is indicated by the fact that, since he started in on his own, he has "put back into property," as they say in the analytical columns, an average of over $2,000 each year.

On this basis, Mr. Investor, starting from 30, stows away $60,000 by the time he is 60.

(14) He is more in favor of home-owning than he is against it. In 52 cases out of the 100, he owns his home. But he is not manifestly prejudiced on the subject. He evidently agrees that, from a financial point of view, home-owning is a 50-50 proposition, with the balance swayed by individual considerations.

(15) He prefers to deal through brokers, as a rule, but makes considerable use of the banks for his security-transactions, 32% of which go through banks against 68% that go through brokers.

(*Please turn to page* 1172)

Investment Record, Position & Methods of a Typical Reader of THE MAGAZINE OF WALL STREET

(Based on Questionnaire Published Feb. 14, 1925)

His Business Income:	His Outside Income:	His Investment Capital:	How He Diversifies His Investments: Real Estate: (Direct)	Gilt-Edged Media:	Medium Grade Media:	Speculative Media:
$6,000	$1,800	$31,500	20%	33%	30%	17%

His Market Profits: 1924	His Market Profits: 1920–24	His Market Losses: 1924	His Market Losses: 1920–24	How His Securities Are Held: On Margin	Outright	P. P. Plan
$1,840	$4,300	$245	$1,534	15%	80%	5%

His Income Yield:	His Total Investment in Worthless Securities:	His Total Losses in Banking or Brokerage Failures:	His Life Insurance Coverage:
5.75%	$1,529	$342	$12,500

His Yearly Living Expenses *	Number in His Family:	Per Cent of Total Income He Saves Annually	Per Cent of His Securities Purchased Through BANK	BROKER
$2,555	3	35 %	32%	68 %

His Average Yearly Accumulation for Each Year Since He Began:	What His Estate Would Yield at Present Prices at 6%:
$2,014	$3,000

He owns stock in the company he is affiliated with 7 times out of 10 ~
He follows a definite savings program 54 times out of 100 ~
He owns his own home 52 times out of 100 ~

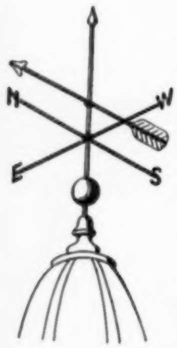
* *For Food, Shelter, Fuel & Clothing.*

Money, Credit and Business

Business Threatened by Weather Outlook?

What the Principal Commodities Face and How This is Likely to Affect the United States

By HERBERT JANVRIN BROWNE



EDITOR'S NOTE: *Mr. Browne's forecast for the past winter, as it appeared in Theodore M. Knappen's article in* THE MAGAZINE OF WALL STREET *for October 11, 1924, and as extended in more detail in Mr. Browne's own Annual Forecast for 1925, contains several statements which can now be examined in the past tense. He predicted that it would be a long, cold, severe winter, characterized, however, by a series of cold waves alternating with equally marked warm periods rather than by long continued excessive cold. He named this type as one which would cause heavy killing of winter wheat from the alternate freezing and thawing of the ground, and indicated that there would be considerable destruction of peach trees and young tender orchards, as well as notable losses in livestock on the exposed ranges. Extremely severe cold waves, running to the Rio Grande and around the Gulf Coast into Florida, were predicted, followed later by heavy frost damage in the Appalachian fruit belt and other locations through the North.*

Each and every one of these forecasts has to date been sustained to a remarkable degree. Reports indicate a winter wheat abandonment in excess of one-fifth the total acreage, pointing to a shortage below last year's crop of about 123,000,000 bushels. The livestock loss on the Western Ranges was heavy, while the winter killing of fruit trees, especially of peach orchards, is reported as very heavy. The State Agriculture Board of Utah officially states that the peach crop of that State will drop from a prospective 1,100 carloads to less than 200, and there is extensive damage in Michigan, Indiana, Pennsylvania, West Virginia and further South. Mr. Browne continues to hold that the extremely mild weather of February and March will turn into a cold, wet Spring, with late frosts over a wide extent of territory.

THE business tripod stands on the three legs of Food, Clothing and Shelter. Transportation, banking and trade are the mechanism of moving these three factors from producer to consumer. Food is agricultural, save where it is a product of the sea. Clothing is the translation of cotton, wool, flax, silk and leather—all agricultural. Shelter in its raw material comes from the soil. It is either timber from the forests or mineral and metal from the ground. All these elements, in their primary production at least, are controlled largely by weather conditions. Shelter—buildings, whether houses or business and industrial structures—are protection against weather.

The world has long had the day-to-day forecasting of weather as characterized in the daily map, which is made up on the empirical principle that a telegram can travel faster than the wind. Long-range weather forecasting, however, covering a season or a year or more in advance, had never been undertaken on a scientific basis, with clearly stated bases of principle and application, until I announced the chain of connection between changes of solar temperature and their lagging influence upon ocean surface conditions with resultant control over temperatures and humidities of winds which bring precipitation to the lands.

I have no secrets. I have given the fullest possible publicity to all my discoveries, deductions, processes and conclusions. I do not claim perfection. Working almost single-handed in so vast a field, the human element enters into the equation, but my fundamental proposition has as yet not been assailed by a single scientist of high standing in any country of the world; and a reluctant acknowledgment of the importance of ocean temperatures in influencing the weather is being wrung even from the atmospheric meteorologists whose admission is no less a confession that their own methods have become obsolete and incapable of solving any of the problems of long range weather forecasting.

I shall now briefly review my weather forecasts for the United States and for the world, and then attempt, on the assumption of their correctness, to indicate what effects may be looked for on business conditions generally.

For the United States I forecasted a heavy deficit in winter wheat production, but an excellent year in the spring wheat country, with some threat of grasshoppers along the Western borders. This menace, together with risks of August frosts, is held over the Western Canadian wheat crop, which will otherwise be a bumper. *On the whole the North American continent should produce, however, somewhat less wheat than last year.* For Europe I have predicted a bad grain year from excessive rains through the Spring season in the Northern regions, and a drought in the Southern, from Spain through Italy and the Balkans, with other adverse conditions, especially in Russia, only dimly indicated to date in the fragmentary reports of that much bemused country. Untoward conditions through Asia Minor and a partial failure in India from a belated monsoon, which means drought in the North and floods in the South, furnish a picture of what will inevitably be *a world grain shortage for the year 1925.*

Returning to the United States, I have predicted a cold, wet Spring in the corn belt, with late frosts into June and early frosts in the late Summer and early Fall, to which are to be added the unfavorable results of the poorest seed corn in many years. I think the corn situation is almost, if not quite, as adverse as that of last year, which produced a shortage of some eight-hundred million bushels in actual measurement and a still greater falling off when tested by the feeding value of the grain itself. Let me state parenthetically that I had forecasted this disaster in the corn belt for 1924, and had likewise named the areas which produced 95% of the surplus wheat.

The cotton belt has no marked unfavorable signs save the present shortage of rain in Texas, relieved in part to date, and perhaps not so unfavorable as published reports would indicate. The boll weevil figures furnished by the Department of Agriculture are not convincing. One could well hold the thought that the service of the Department could have in this important particular been made much clearer. The emergence of boll weevils in Louisiana, the best tested of all the states, is so low that one is inclined to question the value of the figures from other states when placed so high, and yet accom-

panied by no comparative figures for other years. I have repeatedly forecasted for this year a good cotton crop, and the rest of the world is going to continue its progress toward increased production.

The Factors at Play

World wool production is heavy; world silk finds the artificial silks gaining upon the natural product with astounding speed; world flax production, save in the Argentine, is on a favorable basis. Despite the handicaps of advancing wages and high costs of operation and material, building is still being forced at a prodigious rate in the almost hopeless race against an insatiable demand.

Now here are the factors. What will be their interplay upon the business cycle? A shortage of grains means good prices to the fortunate producers, but heavy losses to the farmers in those areas where the crops are failures. Here is an unbalanced condition, in which a considerable element of the entire farming community will find themselves compelled to curtail their purchases of machinery, clothing and other manufactured products to the lowest possible limit, while their more prosperous brethren in other favored sections will perhaps be compelled to put their surplus into the liquidation of past debts, rather than into extended and lavish expenditures.

So far as the corn belt is concerned, the shortage in corn is to be measured against an already evident shortage in hogs and cattle, and will have a relationship to what is generally admitted to be an over-expansion in dairy products. Last year it was only in the Nebraska - Missouri - Kansas-Oklahoma corn region that there was a satisfactory crop. All the other states of the corn belt ranged from fair to poor. A second year of the same order with the consuming market cut down to fit the crop does not argue a favorable purchasing outlook.

The world can absorb all the cotton which the South will produce even up to a not improbable fourteen and one-half million bales, but it may be difficult to persuade the price to stay far enough above 20 cents to satisfy the cotton producers that they are getting a margin above the cost of production, this particularly so in the face of high fertilizer prices, a difficult wage situation, and a generally high cost of everything which the Southern farmer has to buy.

Now turn to the urban consumer. The cost of living is high, and, despite certain minor fluctuations downward, there is no marked shrinkage in evidence or in sight. The public faces the inescapable fact that the mechanism of production is far in excess of requirements to meet demands, and there is not a line of importance in which the term "full production" does not inevitably mean a heavy curtailment within the same twelve months. I am asked to state freely my opinion and my deductions. *My opinion and my deductions are that there will be a considerable falling off in business activity within the next ninety days, and that there is nothing like a business boom in sight.* What is evident to everyone familiar with the subject in the soft coal fields, for instance, can be followed into textiles, and can be found glimmering in several other industries. The fundamental fact is that the whole mechanism of exchange between producer and consumer is continually loaded with charges which have an inevitable tendency to return upon themselves and still further increase the costs which must finally be met by the ultimate consumer.

Of course everyone is willing to admit that taxes are too high. That is one of the great items against which a true bill can be found. But taxation is the one subject about which less is known fundamentally by the general public than the political views of Tutankhamen. The Government in Washington, for instance, has had hundreds of commissions and thousands of experts for years producing reports on every other subject under the sun, which would fill every public building in the capital, but it has never spent a dollar in undertaking a basic examination into taxation.

The foreign situation, so far as markets are concerned, may be regarded as fairly hopeful, in spite of adverse crop conditions yet to be made manifest. Europe as a whole gives the world the impression of sturdy peasantry meeting their problems by buckling down to their task. Europe is now recovering its pre-war capacities and, despite such handicaps as the dole system which still pauperizes British labor, is emerging politically, socially and industrially into a higher state than it had known before. In the development of peasant proprietorship the smaller nations are building a bulwark against Bolshevism and developing a social condition like that which has given France its astounding stability. This may not mean a highly efficient production, but it has its overwhelming compensation in the advancement of the social level.

Of one thing the American public needs to take warning. So far as food products are concerned, the consuming nations are the shrewdest of shrewd buyers. They know how to take advantage of every situation in the American market, and there is reason to believe that they shrewdly apply the arts of propaganda to prepare the way for their bargain-hunting campaigns for American products.

I have for three years been forecasting the year 1926-27 in the Southern Hemisphere and 1927 in the Northern Hemisphere as carrying grave dangers for the grain crops of the world. The bases for this forecast have been set forth in numerous articles not necessary to review here, but I have strong reason for believing that there are leaders in the governments of the consuming nations who have arrived at the same conclusion, and that no small proportion of the grains now being bought, whether shipped abroad or held in storage in American elevators, have been purchased to form the basis for a food supply when the great emergency may come only two short years away.

Herbert Janvrin Browne, exponent of the new science of long-range weather forecasting.

Bonds

Interesting Opportunities Presented by Wilson Reorganization

What the Various Security Holders Should Do

IT is unnecessary to dwell upon the causes which led up to the receivership for Wilson & Co. last August. The company had been struggling to avoid this disaster for nearly a year before the event. At bottom of the whole difficulty was, first of all, the unprecedented post-war depression in the packing industry and, secondly, the fact that Wilson & Co. had, in recent years, depended too greatly upon the emission of large bond issues to raise working capital.

These heavy flotations of funded debt entailed interest and sinking fund charges out of proportion with the company's normal earning power. Even though the packing industry began to show marked improvement in 1923, Wilson was unable to work its finances into sound condition. Efforts to effect a reorganization last year were defeated by active opposition of the Swifts, who held a large block of the company's preferred stock. However, it is now apparently to be revitalized.

The reorganization plan, lately announced, is designed to relieve Wilson & Co. of its top-heavy funded debt. This plan involves no assessment upon shareholders, but the common and preferred stocks are, of course, required to shoulder the greatest burden. Their interest in the new company, which will be organized to take over the business of the old, will be considerably reduced. Preferred shareholders are to receive 1.5 shares of new, no par, common for each share of their present holdings. The common stock will be exchanged at the rate of one old for 4/10 of one share of new.

As will be seen, by reference to the tabulation herewith, the company's bonded debt will be cut approximately 16.5 million dollars, with a resultant saving of about 3.13 millions annually in interest and sinking fund charges. The first mortgage 6s of 1941, by virtue of their prior lien on the company's assets, will be left undisturbed. Interest on these continues to be paid.

Holders of the convertible gold 6s of 1928 and 7½s of 1931 are not so fortunate. In view of the imperative need for reduction in fixed charges, the reorganization provides for the entire elimination of these bonds. In their stead, the owners of both issues will receive, for each $1,000 face value of bonds, 6 shares of preferred stock in the new company, 7½ shares of Class A stock which is to be created and 4.3 shares of new common.

The creditor banks, with whom Wilson & Co. was carrying loans well over 22 millions at the time of receivership, are to be offered a 20% cash payment. The balance of their claims will receive the same treatment as the convertible bonds. That is to say, each $1,000 of bank debt remaining will be provided for by exchanging new junior securities in the same ratio as that outlined above. It is intended to issue 2.5 millions of 6% notes, presumably to provide for this cash payment to the banks.

The net result of the entire plan is, perhaps, best visualized by reference to

(Please turn to page 1162)

Comparison of Wilson & Co.'s Balance Sheet

	Reorganized Co. (Estimated)	Old Co. (Dec. 31, 1923)
Fixed Assets—		
Plant, goodwill, etc.	$69,399,000	$81,802,000
Def. charges and claims	1,696,000	1,803,000
Total fixed assets	$71,095,000	$83,605,000
Current Assets—		
Cash	$6,542,000	$6,966,000
Inventories and accts. rec.	41,380,000	30,950,000
Total curr. assets	$47,922,000	$37,916,000
Total assets	$119,017,000	$121,521,000
Net working capital	$78,954,000	$76,720,000

	Reorganized Co. (Estimated)	Old Co. (Dec. 31, 1923)
Capital Liabilities—		
First mtge. 6s	$22,896,000	$22,956,000
Subs. Co. bonds and 6% notes	7,786,000	....
Conv. Gold 6s	....	15,085,000
Conv. Gold 7½s	....	9,136,000
Total Bonds	$30,682,000	$47,177,000
7% preferred stock	29,277,000	10,079,000
Class A (no par)	*27,447,000	....
Common (no par)	†5,338,000	‡20,000,000
Total capitalization	$92,744,000	$77,256,000
Current Liabilities—		
Notes payable	$7,606,000	$16,694,000
Accounts and accr. interest	5,183,000	4,012,000
Total curr. liabilities	$12,789,000	$20,706,000
Minority stock	484,000	....
Reserves	13,000,000	3,389,000
Surplus	....	20,170,000
Total liabilities	$119,017,000	$121,521,000

*Represented by 439,815 shs. †Represented by 365,959 shs. ‡Represented by 202,181 shs.

INTERESTING DEVELOPMENTS IN BOND MARKET

THERE were a number of interesting developments bearing on the investment situation during the past week. From an international point of view, the disclosures with reference to the recent French fiscal policy followed by the resignation of the Socialist cabinet naturally affected French bonds listed in this market. French securities sold at new low levels for the year. Other foreign issues were little affected. On the other hand, the soundness of the domestic situation was proven by the immediate oversubscription of the bonds and preferred stock of the new Dodge Motor Company, Inc.

The firmness in the market generally was reflected among the middle grade issues. While no spectacular advances were recorded, there was a good demand for this character of bonds at ruling levels in both the rail and industrial list. The South Porto Rico Sugar 7s were especially in demand, moving up over two points, and the Empire Gas & Fuel 7½s also bettered their recent price levels. Among the utilities, while the local Interborough and Third Avenue bonds were inclined to sag, the Brooklyn Manhattan Transit 6s advanced two points. The feature among the utilities was the sharp decline in quotations for the Chicago Railway first 5s, maturing in 1927, which broke ten points following the result of the election in Chicago, deciding adversely the question of municipal purchase and ownership of the transit facilities of the city. The bonds declined to their previous support point of around 75 and then advanced three points.

The situation with respect to these bonds is interesting. Operations have barely covered interest charges. The franchise expires February 1, 1927, with the maturity of the issue. The city has the right to take over the properties on basis of $30.7 million, plus or force the sale to another company on that basis, plus an additional 20% over the fixed sum all expenditures which have been made thereon since 1907. If this option is not exercised, no franchise will be granted to any competing company. As the basic price plus expenditures on the property would aggregate more than the approximately $60 million of first 5s outstanding, the issue at present levels does not appear unattractive as a speculation, in spite of the political tinge to the situation.

Bond Outlook

There seems little we can add to our views of the bond market as previously expressed in these columns from time to time. We still feel that careful selection of issues well protected by assets and earning power and selling out of line with money rates should prove profitable. On the other hand, great care must now be exercised in choosing securities for new commitments in view of the higher average level of bond prices, especially in this division of the market, as compared with prices ruling not so long ago.

BOND BUYERS' GUIDE

(Bonds listed in order of preference)

		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
HIGH GRADE (For Income Only)				
Non-Callable Bonds:				
Great Northern Genl. 7s, 1936	(c)	110	5.75	2.85
Atlantic & Danville 1st 4s, 1948	(a)	77¾	5.75	....
Western Union Telegraph Co. 6½s, 1936	(a)	110½	5.25	e 1.75
New York Edison Co. 6½s, 1941	(b)	114	5.20	3.30
Chicago & Northwestern 7s, 1930	(b)	107	5.36	1.80
Delaware & Hudson 7s, 1930	(b)	108⅛	5.00	2.10
New York Dock Co. 4s, 1951	(a)	79⅝	5.50	2.70
Callable Bonds:				
Armour & Co. Real Estate 4½s, 1939	(a)	87	5.85	....
Laclede Gas Light Coll. & Rfd. 5½s, 1953	(c)	99⅝	5.50	1.41
Canadian General Electric deb. 6s, 1942	(a)	107⅝	5.35	g 2.80
MIDDLE GRADE (For Income and Profit)				
Railroads:				
Cuba R. R. 1st 5s, 1952	(a)	87	6.00	2.45
St. L. & S. F. Prior Lien 4s, 1950	(c)	74¼	6.00	1.25
Western Pacific 1st 5s, 1946	(c)	92½	5.60	2.40
New York, Ontario & Western 4s, 1992	(a)	66½	6.10	2.00
Missouri Pacific 1st & Rfd. 6s, 1949	(b)	101⅝	5.84	1.20
Baltimore & Ohio Convertible 4½s, 1933	(b)	92	5.75	1.35
Baltimore & Ohio Rfd. 5s, 1995	(b)	87¾	5.70	1.35
Missouri, Kansas & Texas Prior Lien 5s, 1962	(c)	91	5.60	1.10
Boston & New York Air Line 4s, 1955	(a)	71⅛	6.10	....
Kansas City Southern Rfd. and Imp. 5s, 1950	(a)	88⅜	5.90	1.90
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931	(a)	103¼	5.65	1.50
Rutland R. R. 1st 4½s, 1941	(a)	85½	5.90	1.75
Industrials:				
South Porto Rico 1st Mtg. and Co. 7s, 1941	(b)	105¼	6.45	2.20
Sinclair Pipe Line 5s, 1942	(b)	85¼	6.45	g 2.50
Goodrich, B. F., Co. 1st 6½s, 1947	(b)	104½	6.15	e 2.40
California Petroleum Corp. 6½s, 1933	(c)	103¼	6.00	4.80
International Paper Co. 5s, 1947	(a)	88⅛	5.90	3.50
U. S. Rubber 5s, 1947	(c)	86	6.15	2.05
Bethlehem Steel Co. 5s, 1936	(a)	91½	6.10	f 2.30
Armour & Co. of Del. 1st 5½s, 1943	(c)	92½	6.20	....
Anaconda Copper Mining Co. 1st 6s, 1953	(b)	99⅝	6.00	g 1.25
Union Bag & Paper Co. 6s, 1942	(b)	96	6.45	f 4.40
Public Utilities:				
Manhattan Railway Cons. 4s, 1990	(a)	57½	7.00	g 0.90
Amer. Water Works & Elect. Corp. Col. 5s, 1934	(c)	95½	5.70	2.40
Ohio Public Service 7s, 1947	(c)	108	6.30	f 2.00
United Fuel Gas 6s, 1936	(b)	100⅛	5.90	e 7.00
Virginia Railway & Power 5s, 1934	(a)	95½	5.60	2.00
Hudson & Manhattan Refunding 5s, 1957	(c)	88⅝	5.75	2.60
American Gas & Electric 6s, 2014	(c)	97	6.20	2.00
American Power & Light Deb. 6s, 2016	(c)	95¼	6.30	3.00
Kansas Gas & Electric 6s, 1952	(b)	101	5.95	1.80
Havana Elec. Ry. Light & Power 5s, 1954	(a)	86	6.00	5.00
Commonwealth Power Corp. 6s, 1947	(c)	100⅛	6.00	4.50
Manitoba Power Company 7s, 1941	(c)	102¾	6.75	....
SPECULATIVE (For Income and Profit)				
Railroads:				
Chesapeake & Ohio Conv. 5s, 1946	(b)	102⅝	4.80	1.65
Erie Genl. Lien 4s, 1996	(b)	62¼	6.30	1.31
St. Louis & San Francisco Adj. Mtg. 6s, 1959	(c)	87¾	7.00	1.25
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967	(c)	82⅝	6.15	1.10
International Great Northern Adj. 6s, 1952	(c)	66½	6.70	....
Chicago Great Western 1st 4s, 1959	(a)	61¼	7.00	0.85
Western Maryland 1st Mtg. 4s, 1952	(a)	63⅝	7.05	1.20
Rock Island, Ark. & Louisiana 1st 4½s, 1934	(c)	86⅝	6.50	....
Industrials:				
Pan Amer. Petroleum & Transport Conv. 6s, 1934	(c)	110	4.60	25.00
Cuba Cane Sugar 7s, 1930	(c)	96½	7.80	2.15
Empire Gas & Fuel 7½s, Series "A" 1937	(c)	102⅜	7.20	3.30
International Mercantile Marine 6s, 1941	(b)	88⅜	7.10	2.50
American Agricultural Chemical Co. 7½s, 1941	(b)	98¼	7.70	....
Warner Sugar Refining Co. 1st 7s, 1941	(c)	92	7.90	....
Public Utilities:				
Brooklyn-Manhattan Transit 6s, 1938	(c)	85¾	7.05	f 1.50
Chicago Railways 1st 5s, 1927	(a)	77⅞	16.00	1.08
Hudson & Manhattan Adj. Income 5s, 1957	(b)	72	7.25	2.00
Interboro Rapid Transit 5s, 1966	(a)	62⅞	8.15	0.90
Third Avenue Railway Rfd. 4s, 1960	(b)	51½	8.25	i 1.35

‡ Callable in 1936. ¶ This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operations of railroads.

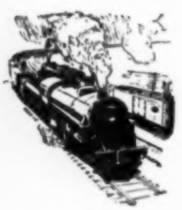
(a) Lowest denom., $1,000. (aa) 1922. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50. e Average last three years. f Average last two years. g Average last four years. i Does not include interest on adjustment bonds.

Railroads

"Nuisance-Value" Stocks

An Interesting Group of Stocks Held by Minority Interests and Which May Have Valuable Possibilities

By FRED L. KURR



MINORITY stockholders can roughly be divided into groups: 1) Those that are friendly with the controlling interests and whom the controlling interests welcome as shareholders in their organization; 2) Those either opposed to the policies of the controlling interests or whom the controlling interests are anxious to eliminate.

History records many cases in which small minority interests have reaped handsome profits even in the face of majority interest antagonism. As a rule, such profits have been the result of forcing the issue of so-called "nuisance value." For example, suppose a large corporation has acquired all but a very small percentage of the outstanding stock of some other corporation which it desires to absorb entirely. If all of the outstanding stock were owned, a merger could be put through without difficulty, whereas with a small outstanding minority interest legal difficulties would be involved and the merger possibility held up through court action by some stockholder with a few shares. In order for a company to put through its plans with the greatest facility it has frequently been found advisable to buy out the minority interest even though an unusually high price must be paid.

An interesting illustration of a small minority interest now playing for big stakes is the Detroit, Toledo and Ironton situation. Henry Ford a few years ago acquired control of this road paying $5 a share for the preferred stock and $1 a share for the common. A small group of stockholders refused to sell at this price and Mr. Ford whose policy is to have sole control of all his enterprises has been trying to eliminate this interest which amounts to only 4 per cent of the outstanding stock. Shareholders were recently notified that the Detroit and Ironton R. R. which is owned exclusively by Mr. Ford will pay for the D. T. & I. stock its value as of April 1st. Since Ford took control of the road traffic has greatly increased and earnings have steadily mounted. If the shareholders do not agree with the valuation that will be placed on their holdings, they can have recourse to the courts, and in view of the delay this would involve, it might pay Ford to settle for a handsome figure particularly in view of the small amount of stock involved. Unquestionably common shareholders will receive far more than $1 per share which they were originally offered.

Interesting Facts About Several "Nuisance Value" Stocks

CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS

(Minority stock being bought by N. Y. Central)

	$ Earned per share
1919	13.24
1920	4.85
1921	5.17
1922	14.94
1923	23.64
1924	16.11

MANHATTAN RAILWAY

(Stock of minority interest which refused to accede to a modified lease sells higher than assenting stock)

	Non-Assenting Stock		Assenting Stock (Modified Gurantee)	
	High	Low	High	Low
1923	60	37	45	27
1924	85	42	51	30
1925	100	65	51	32

TEXAS & PACIFIC

(Majority interest friendly to minority interest)

	Net Earnings
1921	$4,545,689
1922	3,622,472
1923	5,237,535
1924	5,801,611

NICKEL PLATE MERGER

(Terms opposed by Ches. & Ohio Minority Interests)

	% 1924 Comb. Earn. on 4 Stocks	% Merger Earn. Through Ex. Terms
Ches. & Ohio	42.6	25.3
Erie	13.9	13.3
Pere Marquette	17.9	28.2
N. Y. Chic. & St. Louis	25.6	33.2
Total	100.0%	100.0%

New York Central, in the case of several of its important subsidiaries that are not entirely owned, has adopted the policy for several years of gradually buying in the minority stock, and shareholders who have not sold have seen higher prices bid for their securities each year. Michigan Central sold in the 70s in 1921 whereas it is now 500 bid. Pittsburgh & Lake Erie, another New York Central subsidiary, is selling around 175 although not more than $5 a share per annum has been paid in dividends for the past fifteen years.

The conclusion should not be drawn from these examples that the minority stockholder always travels a path of roses. There have been many instances in which the opposite has been true. A corporation can frequently find perfectly legal methods for diverting earnings from a controlled company to its own advantage and place the minority shareholder in a very unfavorable position.

There are numerous instances of companies controlled by other corporations through ownership of a majority of the stock in which the controlling company has no desire to eliminate this minority interest and is friendly to it. Such is the situation in regard to Texas & Pacific which is described in this article.

The subject of minority stock interests is very large and complicated and lack of space prevents covering it fully in this article. The writer has selected Manhattan Railway, Chesapeake & Ohio, Erie, New York & Harlem, Cleveland, Cincinnati, Chicago & St. Louis and Texas & Pacific as offering at this time the most interesting of current examples.

CLEVE., CINC., CHI. & St. LOUIS This road is controlled by the N. Y. Central through ownership of approximately 95 per cent of the capital stock. In December, 1921, the New York Central made an offer to purchase the stock of "Big Four" on the basis of one share of New York Central for one share of the preferred and eighty shares of New York Central for 100 shares of the common. Shareholders who refused this offer

have reason to congratulate themselves for Big Four common is now selling around 150 whereas New York Central stock is 115.

In 1924 Cleveland, Cincinnati, Chicago & St. Louis earned $16.11 a share on its stock as compared with $23.63 a share in 1923. This earning power hardly entitles the stock to sell at much higher levels than those prevailing at the present time and as dividends are only being paid at the rate of $5 per share per annum, the stock on these considerations does not appear attractive. On the other hand, with such a small amount of stock outstanding in the hands of the public, it appears probable that New York Central will be willing to pay substantial prices in order to entirely eliminate minority holdings. This has been the policy pursued in regard to Michigan Central and Pittsburgh & Lake Erie. *In the opinion of the writer "Big Four" common stock possesses interesting speculative possibilities at present levels.*

MANHATTAN RWY. In 1903, the property of the Manhattan Railway was leased to the Interborough Rapid Transit for 999 years at an annual rental of interest on its bonds, all taxes and 6 per cent on the capital stock until 1906 and thereafter 7 per cent per annum. In 1922 a plan modifying the Manhattan dividend rental was declared operative. Under this plan assenting Manhattan Railway stock was to receive dividends of 3 per cent for the fiscal year beginning July 1st, 1922, 4 per cent for the fiscal year beginning July 1st, 1923 and 5 per cent for the fiscal year beginning July 1st, 1924 and each subsequent year thereafter, these payments to be made only if earned by the Interborough Rapid Transit Company. Under the terms of the original lease however, it was provided that no change could be made without the unanimous consent of stockholders and on these grounds approximately 8 per cent of the outstanding stock refused to accept the terms and brought legal action to compel Interborough Rapid Transit to pay them the full dividend of 7 per cent. They have already won their case on appeal and while it will be taken to the Supreme Court on appeal, there is little question that the decision will be upheld.

Under the ruling made by the Court Manhattan Rwy. stock is not only entitled to 7 per cent but also unpaid back dividends which amount to approximately 26 per cent.

The Interborough Rapid Transit situation is mixed up with New York City politics and the future prosperity of the company will largely depend on how the political situation shapes up. At the present time earning power and financial condition of Interborough is not impressive enough to warrant the belief that its guarantee of Manhattan stock is absolutely good. In other words, if developments take an unfavorable turn a receivership is by no means improbable. *Under the circumstances, Manhattan stock must be regarded as very speculative, although it undoubtedly offers possibilities of a very handsome profit, should Interborough be successful in surmounting its present difficulties.*

TEXAS & PACIFIC Texas & Pacific is controlled by Missouri Pacific through ownership of the entire 23.7 millions 5 per cent preferred stock and 10 millions of the outstanding 38.7 millions common. Texas & Pacific traverses a territory that in recent years has been showing rapid growth and as a result earnings for some time have been in a sharp upward trend. In 1924, $6.82 a share was earned on the common stock and indications are that even better earnings will be returned this year. In this case there does not appear to be any disadvantage to shareholders in the fact that they represent only a minority.

Missouri Pacific management is high grade and can be relied upon to efficiently conduct its subsidiary's affairs. It also appears probable that Texas & Pacific will be permitted to adopt a reasonably liberal dividend policy on the common stock For many years Missouri Pacific received no return on its Texas Pacific investment, and will probably view with favor dividends on the common stock it now holds. *Texas & Pacific should be able to comfortably pay at least a $4 dividend rate and at present levels of 49 the common stock seems attractive.*

NEW YORK & HARLEM New York & Harlem owns 127 miles of steam road between New York and Chatham, which is leased to the New York Central for 401 years at a rental equivalent to interest on the 12 millions 3½ per cent bonds and $5 a share on the 10 million dollars of stock. The company also owns 9 miles of double track surface lines constituting the tracks of the 4th Avenue Street Rwy., New York City, and real estate including Grand Central Terminal and valuable properties in the Bronx.

Of the 10 millions outstanding stock, New York Central owns 6.7 millions. Dividends of $5 per share per annum are regularly paid from the steam railroad rental and until 1919 $2 per share per annum was paid from the rental of the Street Rwy. lines, when it was discontinued due to the receivership of the New York Rwys. Company. At the present time the company is operating its own surface lines but has not been able to show any profit therefrom.

Although the present dividend rate is only $5 per share, New York & Harlem stock sells around 175. The explanation for this apparently high price lies in the company's valuable real estate holdings. There is no question that the company's equity in this real estate runs into very high figures. Stockholders, however, are unable to realize any immediate advantage from these equities because of the policies of the controlling interests. In May of last year a committee of Minority stockholders was formed to oppose the New York Central in "the disposition of certain real estate belonging to the New York & Harlem R. R. Company and the policy of that railroad to absorb its subsidiaries". What action of this kind may ultimately lead to it is impossible to forecast, but it is quite possible that the minority interest through legal action may develop a (*Please turn to page* 1166)

N. Y. Central Terminal, owned by N. Y. & Harlem, the majority interest of which is in possession of N. Y. Central

Public Utilities

What Should Public Utility Shareholders Do Now?

How the Holders of Three Issues May Improve Their Position

THE bull market of the past two years or more carried security prices to the highest average level ever recorded. In this advance, the public utility shares have been among the leaders. Their performance, in numerous instances, has been as spectacular as that of the more volatile rails and industrials. They have covered more ground, measured by dollars per share rise since 1921, than any other group save the chain store, mail order and food stocks.

The reasons for this remarkable movement are readily discovered in the prosperity which these companies have enjoyed during the period. With but few exceptions, the electric light and power and the gas utilities are securing adequate rates for their services. Regulatory bodies suffered a distinct change of heart with the passing of the war era and are now disposed to accord equitable treatment. In fact, some companies are doing so well that they have recently granted their customers voluntary reductions.

Naturally, such a step tends to foster favorable public relations, a result that is being furthered by the steady extension of consumer ownership of utility securities. The confidence of investors was at a low ebb during the war-time inflation period for causes too well known to be dealt with here. The return of settled conditions and earning power has, however, restored these stocks to former preference.

It is a peculiar characteristic of the utility business that the demand for service shows persistent growth year after year. Electric light and power companies are particularly fortunate in this respect since output has doubled almost without exception every five years over a long period of time. Even in the face of war-time adversity, gross earnings continued to mount. Under the relatively stable economic regime referred to above, these gains have been reflected in more liberal dividend disbursements. Consolidations and stock split-ups are rather common and have stimulated a good deal of speculation.

The question therefore arises whether prevailing prices do not discount the future possibilities too generously. Some public utility company common stocks are selling on a basis to yield less than 6%. When such a situation exists, either in these or other common stocks, it behooves the investor to look over his holdings. He would do well to decide whether or not the speculative element enters too largely into current market quotations.

Electric Power Production
(In Billions)

Year	K. W. Hrs.
1902	2.90
1907	5.86
1912	11.57
1917	25.44
1922	47.70
1923	55.98
1924	58.77

In other words, there is a possibility that the stimulus of large profits and dividend increases may have driven some issues out of reasonable bounds, at least for the time being. If so, advantage should be taken of the opportunity to improve one's list by disposing of such stocks with the idea of replacing them by others which seem in a more stable position. The investor will wish to know, of course, whether he may safely reinvest in the same group. It seems pertinent, therefore, to review conditions briefly.

Indisputably, outlook for all but the traction group remains favorable. Bus competition and high operating expenses are still thorns to be removed from the path of these companies before they may hope to have a clear field ahead. The tendency is toward improvement, nevertheless, except in certain localities where political complications are stifling fare increases.

In conjunction with the rising trend of gross earnings, the electric and gas utilities have bent unceasing efforts to the reduction of operating expenses. Engineering and management staffs are working out economies with a high degree of success. A factor having some bearing on the lowering of operating costs is the greater concentration of production in newer and larger generating units.

Developments in the money and commodity markets have been especially favorable in recent months. As is well known, money rates have held at relatively low levels for some time. The period of extreme ease was passed about the middle of last summer, but public utility financing may still be done on a favorable basis. There is nothing to suggest a marked change in this direction.

So far as material costs are concerned, there is noticeable improvement. Coal, which is the principal fuel item, is acutely depressed. Though this is not a result welcomed by the coal producers, public utility operators are not complaining. The labor situation is unchanged but, broadly speaking, production expenses are relatively lower than for several years.

Granting, as seems altogether probable, that gross business continues to hold up, the public utility companies may be expected to maintain very satisfactory net profits. Last year, generation of electricity registered a proportionately smaller gain than for the year 1923. The net increase was about 5.9% compared with 22% the year preceding. But this result was to be anticipated in view of the previous sharp advance. The gradual linking of large power centers into common systems is a step in the utility expansion program having much to do with slow elimination of small, privately owned plants.

Gas sales likewise made a gratifying gain in 1924, increasing from 385 billion cubic feet in 1923 to 405 billions. Consumption of this product has grown 35% in the last six years.

Obviously, there is ample ground for the high regard which public utility stocks have once more attained in investment circles. The problem of rearranging one's holdings, therefore, resolves itself into discarding stocks that seem over-valued at present in favor of issues having a more definite appeal from the standpoint of income return. The switches here recommended are suggested with this end in view:

Switch No. 1:
Laclede Gas
to
Consolidated Gas (*N. Y.*)

The Laclede Gas Light Co.—one of the most venerable of public utilities—has staged a most striking recovery in the last three years. Its common stock, unnoticed in the general uprush, has risen to the highest figure in the company's history only within the last few months.

There is no question that the rise in Laclede has been based on a sound foundation. But it is to be doubted that current prices are entirely justified despite the company's improved status. This concern enjoys a monopoly of the gas business in the city of St. Louis. Ninety per cent of gross earnings come from the manufacture and sale of gas and the remainder from its electric light and power business. Steady growth of the mid-western metropolis, especially in late years, requires immediate expansion of Laclede's facilities. The company contemplates an expenditure of 3 million dollars for improvement this year. Present shareholders will probably be given the opportunity to subscribe to new stock on an attractive basis in connection with the financing necessary to this improvement program.

The severe slump in earnings during the years 1918-1921 was occasioned by the difficulty Laclede experienced in securing adequate rate adjustments. Dividends were suspended in 1919, after the company had paid them at varying figures, but without interruption, for the twenty years preceding. The restoration of fair rates began to be felt in 1922 when earnings rose to $9 a share for the common stock. Net profits have exceeded $15 a share in each of the last two years.

Extra dividends were paid in 1923 and 1924 in order to partly compensate shareholders for the loss in the previous lean period. The current rate is $8 a share and while the company could, manifestly, support a higher dividend than this, it may adhere to conservatism in view of the need for expansion of its services. In any event, the stock at recent levels around 160, where it yields but 5.0%, would seem to have discounted these possibilities.

A switch to Consolidated Gas of New York, selling at less than half the price of Laclede, would net the investor an immediate gain of 1.5% in income return without disturbing the quality of his holdings. Even assuming a dividend of $10 a share for Laclede later on, the latter would still yield but 6.3% compared with 6.5% for Consolidated Gas at recent quotations around 77.

Switch No. 2:
Virginia Ry. & Power
to
Standard Gas & Electric

Although Virginia Railway & Power ranks with the older listings on the "Big Board," the stock formerly attracted little attention. The shares long went begging in the lower thirties. In fact, reference must be made to the records of the Baltimore Stock Exchange to find quotations for the years 1917 through 1923. There were no transactions at all on the New York exchange in that period.

Obviously, mere inactivity does not condemn an issue. In the case of Virginia Railway, however, its high degree of quiescence is explained by the dividend and earnings record of the company. During the eight years ended December 31, 1924, net profits available for the common fluctuated between an extreme high of $6.31 a share and a low of 71 cents, the average being $4.16. The history of dividend payments is even less impressive. Disbursements of 1% were made to common stockholders in 1911; 2% in 1912 and 3% continuously thereafter until 1918. Nothing has been paid since.

The failure of this company to progress with other public utility enterprises may be attributed to the fact that nearly 50% of earnings come from street railway operations.

Like other traction companies, Virginia Railway's earnings have been held down by high operating costs and inadequate rates. It has suffered keenly from excessive jitney bus competition and legal controversies over rate regulation.

The Virginia Supreme Court has rendered a decision upholding the company's contention that rate regulation ought to be determined by the State Corporation Commission rather than the city councils in communities which Virginia Railway serves. Thus the way is now open to the introduction of improvements in facilities and acquisition of competing bus companies.

The stock's rapid advance from 36 last year to a recent record high at 91 has been due to these developments, accompanied by merger rumors.

Though last year's earnings of $5.31 a share may not fully measure future prospects, the common stock appears a less desirable commitment than Standard Gas & Electric common. This issue is selling around 44 to yield 6.8% on the basis of its $3 dividend. Earnings have shown a consistent upward tendency, in the past five years, being equivalent to $6.61 a share for the year 1924.

Switch No. 3:
Montana Power
to
Hudson & Manhattan Pfd.

Montana Power enjoys the distinction of being being one of the largest hydro-electric utilities in the United States. The company supplies power to the important Butte and Coeur D'Alene mining districts in Montana and Idaho. In addition, it serves a 437 mile division of the Chicago, Milwaukee & St. Paul Railroad through the Rocky Mountain district. The territory covered is an empire in itself.

For some years, Montana Power

(*Please turn to page* 1164)

Switch From:

Laclede Gas Light

Recent Price	Earned $ Per Share 1924	Div.	Yield %
160	15.35	8	5.0

Into:

Consolidated Gas (N. Y.)

Recent Price	Earned $ Per Share 1924	Div.	Yield %
77	7.43	5	6.5

Switch From:

Virginia Ry. & Power

Recent Price	Earned $ Per Share 1924	Div.	Yield %
91	5.31	..	..

Into:

Standard Gas & Electric

Recent Price	Earned $ Per Share 1924	Div.	Yield %
44	6.61	3	6.8

Switch From:

Montana Power

Recent Price	Earned $ Per Share 1924	Div.	Yield %
65	4.49	4	6.2

Into:

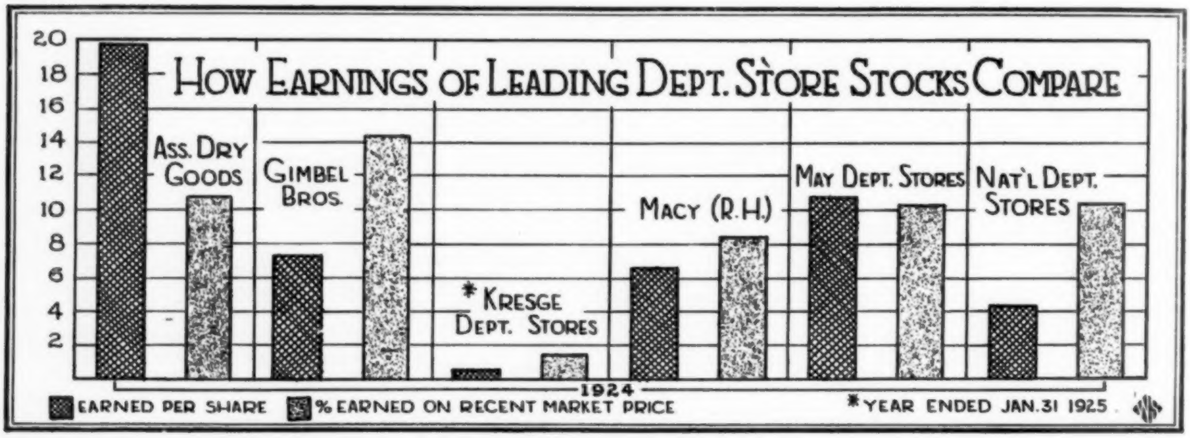
Hudson & Manhattan Pfd.

Recent Price	Earned $ Per Share 1924	Div.	Yield %
65	30.42	5	7.7

Industrials

Leading Department Store Stocks Compared

Which Is the Most Attractive?



NOT so many years ago public interest in the securities of department stores was practically nil. The development of the corporate idea, with public participation in stock ownership, is of relatively recent origin. Essentially the department store is local in its appeal. In a sense, New York City is an exception, as several stores there have a national reputation, but there is a present disposition on the part of companies which have been operating exclusively in the metropolis to acquire units in other cities.

Fundamentally, it is a chain store idea, although the methods of operating are somewhat different. Management is a prime essential in any retail merchandising proposition, even though the business of the country's great department stores may be basic in character. The stocks of the chain stores, the fives and tens, and of the mail order houses, have done much to awaken public interest in the shares of retail merchandising corporations.

The criticism that one store in one particular city could not be expected to make a national appeal for its securities, has been largely dissipated by the fact that most of the department store companies whose shares are upon the public markets have operating units in several cities. In th's way the risk to the individual shareholder is scattered, is diversified, and the effect of a possible local depression is offset by the expansion of operating units or stores in several communities.

While it is impracticable to put the record in the form of statistical data it is an established fact that conduct or management of the big department stores has made rapid progress to high efficiency in the past decade. Retail merchandising is not an exact science by any means, but the methods employed today by the big stores have done much to offset sudden and unforeseen fluctuations in earnings due to uncertain adjustment between costs and selling prices, and consequently earnings stability is more pronounced; another factor which has increased public interest.

Essentially, retail merchandising companies, such as the department stores, must be judged largely by earning power, not by asset value. For the most part these companies have no bonded debt, therefore, the more conservative buyer must turn to the preferred stocks, but even these are dependent for their rating upon earning power to a greater extent than are the preferred stocks of many industrials.

From the standpoint of immediate income return the common stocks of the dry goods companies are not, on the surface, cheap. The various managements have been following the financial policy of building up equities during the four years of good business at the expense of immediate dividend returns to shareholders. This in the long run should be beneficial, even though it may be trying on the patience of holders of the stocks. As an offset, however, stockholders have the satisfaction of market values which take into consideration the value of equities.

NATIONAL DEPARTMENT STORES National Department Stores is a junior member of the important department store group, not, however, because of the smaller volume of business done but because of its recent establishment. The company was incorporated less than three years ago to take over the business of several department store companies operating in Cleveland, St. Louis, Pittsburgh and Wheeling, W. Va. A year later, National Department Stores acquired the Frank & Sedor group, operating in Pittsburgh and Cleveland, and by that move practically doubled the volume of gross sales. In 1924, stores in Minneapolis, St. Paul, Trenton, N. J., and Richmond, Va., were added to the chain, making 11 stores now owned and operated.

Because expansion has been rapid and important since the incorporation of the company late in 1922, earnings comparisons are somewhat difficult. Acquisitions have been financed largely through exchange of stock. The result of the expansion has been largely to increase the outstanding capitalization. For instance, when the company was organized, preferred dividend requirements were less than $600,000 against a little over $1,000,000 at the present time, but in the year 1922 the gross volume of sales was between 30 and 35 millions, and net profits were about 2 millions. In the fiscal year ended Jan-

uary 31, 1925, net sales were over 74 millions and net profits 3 millions. Furthermore, the record of the last fiscal year is not a normal one because in Pittsburgh, St. Louis and Minneapolis the stores were undergoing alterations which interfered with business. In the fiscal year ended January 31, 1924, profits were $1,000,000 more than in the latest fiscal year, and the volume of business was somewhat smaller. Margin of profit suffered last year and it is only fair to take the explanation of the company for the decrease. From the standpoint of volume of business, National Department Stores ranks fourth among the big department store chains.

Ahead of National Department Stores common stock there are two issues of preferred, each paying 7%, and requiring a little over $1,000,000 annually to satisfy dividend requirements, which requirements are earned three times. Both preferred stocks are well protected.

The common shares, from a stock market standpoint, have never been exploited. They were listed in 1922 and have not been especially active, nor has the price range been wide. For example, since the first of January, 1925, the fluctuation has been about five points. In the low 40s the shares certainly have not discounted the possibilities of earnings growth inherent in the operation of 14 established stores located in several big industrial communities, to the extent that the junior shares of other department stores companies have. *Dividends on National Department Stores common may not be imminent, but an earning power should develop from existing units which will add measurably to share balances and put the common in line for dividends within a reasonable time.*

ASSOCIATED DRY GOODS From the standpoint of price appreciation for the past four years and from the viewpoint of present price level, Associated Dry Goods common is the aristocrat of the department store stocks, having developed total earnings of $65 a share in the four years to December 31, 1924, and the common having advanced from 18 in 1920 to above 190 in 1925. Some stockholders now have the belief that they are sitting on a gold mine. The current dividend rate is $5 a share, making the direct income return of negligible importance in any consideration of the common stock, of which there are 149,000 shares outstanding.

There are good grounds for believing that the shares are rather closely held. The stock is not in commission houses on margin in quantity. The banking house of J. P. Morgan & Company is believed by Wall Street to be substantially interested in the affairs of Associated Dry Goods Corporation, thus creating belief in the best kind of banking support. The present value or market price of the common stock suggests pure equity —equity based upon the development of an earning power which not even the greatest optimist would have suspected four years ago.

Stores are located in New York City, Newark, N. J., Buffalo, Baltimore, Louisville and Minneapolis. Associated Dry Goods Corporation also holds control, through stock ownership, of Lord & Taylor, one of the best known stores, and a store whose development of earning power has been almost a sensation over the past three or four years.

There are no signs yet that Associated Dry Goods has reached the peak of earning power. In the first quarter of 1925, profits were probably 20% ahead of last year. In addition to strength, the company's record of the last four years indicates a close approach to stability, which is another reason why the common shares are held on such high levels. Furthermore, at the end of 1924, cash and Government bondholdings were 8 millions. Associated Dry Good's investment in operating subsidiaries has an asset value of about 30 millions, and on this the return in 1924 was almost 15%. The management obviously has solved the problem of handling a large volume of sales on relatively small margin of profit, and is turning over inventory several times a year, thus minimizing inventory losses and saving net.

Ahead of the common stock there are two issues of preferred, the first preferred paying 6% and the second, paying 7%. Dividends have been paid for the past seven years, and they are entitled to absolutely sound rating.

Without doubting the intrinsic, or rather the earnings values back of the common the writer hardly feels inclined to recommend the stock to new purchasers at prevailing levels, which have recognized the increase in earning power and the success of management, and where the risk appears to be disproportionate to the possible extent of further price appreciation.

Note: *Since this article was written the capital readjustment plan of Associated Dry Goods was announced. The common stock will be split up on the basis of four shares of new no par value stock for one share of the present $100 common. It is officially indicated that the dividend rate on the new shares will be $2.50. It may be that the matter of a stock dividend will be considered later.*

In view of the readjustment development, it seems wise to postpone buying consideration of Associated Dry Goods common until the new shares have had an opportunity to find their market position.

GIMBEL BROTHERS, INC. Gimbel Brothers is operating five stores; three in New York City, one in Philadelphia and one in Milwaukee. Two stores in New York City are those of Saks & Company, control of which was acquired almost two years ago. Saks had been doing an annual business of about $15,000,000, and it has been estimated that the New Fifth Avenue store will develop into a unit doing a gross annual business of almost $20,000,000. Even allowing for a net profit of 5% on this amount, the Gimbel investment will be a profitable one, but in the meantime there may be a wait until anticipations are realized. Although the volume of business in the year ended January 31, 1925, was the largest in the history of Gimbel Brothers, net earnings on the common stock were $3 a share less than in the previous year. The heavy expense incidental to the opening of the new Saks store may have been largely responsible for the decrease in net profits.

Gimbel does a much larger gross business than Macy's, for example, but its balance sheet reveals a mortgage indebtedness of almost $20,000,000, and on this basis, share capitalization is somewhat removed from first claim upon earnings and equities. On the other hand, Gimbel carries good will at $1.00 against a former appraisal of over $13,000,000. Preferred dividend requirements consume about $1,250,000 annually upon the 180,000 shares of 7% senior stock outstanding, and for the past five years these requirements have been generously protected by earnings. Preferred stock at current prices is reasonably cheap.

On account of the large expansion program in New York, it is felt that before dividends will be instituted upon the common there will be further building up of current assets position. This position was by no means weak at the end of the last fiscal year, but the market position of Gimbel common for some time to come is likely to depend upon the success of the new Saks store.

National Department Stores

Yr., Jan. 31		Net Sales	Net Profits	Indicated on Common	Price Range, Common H.	Price Range, Common L.
1921	A	$39,981,093	$1,181,987	*$2.00	....	....
1922	A	32,663,263	934,467	* 1.17	....	....
1923	A B	30,484,532	1,935,560	* 4.50	....	....
1924		72,331,456	4,309,780	6.75	42½	34¾
1925		74,368,556	3,032,317	4.22	43	36¼

* Earnings for 1921-22-23 reckoned on 300,000 shares common.

Present capital, { $9,758,200—7% 1st Pfd. / 5,400,000—7% 2d Pfd. / 500,000 no par common shares.

A—Prior to acquisition Frank & Sedor group.
B—11 mos. to Dec. 31, 1922.

Associated Dry Goods Corporation

Yr., Dec. 31	Sales	Total Net Income	Earned on Common	Paid on Common	Profit and Loss Surplus	Price Range, Common H.	Price Range, Common L.
1919	....	$3,297,375	$13.30	..	$4,673,460	18⅝	12
1920	....	1,916,569	4.13	$3	4,876,350	65½	17¼
1921	....	2,835,566	10.26	4	5,807,290	67¼	18
1922	*$74,000,000	3,760,695	16.44	4	7,583,530	50½	24
1923	* 77,000,000	3,975,406	17.85	4	8,703,860	70⅞	43
1924	* 80,000,000	4,262,865	19.80	5	10,920,000	140½	79

* Estimated.

Present capital, { $13,818,000—6% 1st Pfd. / 6,725,000—7% 2d Pfd. / 14,985,000—Common. 1925 high—191

Gimbel Bros., Inc.

Yr., Jan. 31	Net Sales	Net Profits	Per Share on Common	Price Range, Common H.	Price Range, Common L.
1920	$58,346,215	$5,286,429	$8.47	....	....
1921	66,070,497	2,838,987	3.58	....	....
1922	66,773,566	3,511,299	5.00	....	....
1923	72,664,768	5,043,605	7.90	46½	38⅛
*1924	101,544,670	7,378,646	10.37	51½	39½
*1925	102,110,802	5,482,363	7.03	64⅞	47⅛

*Includes Saks & Co.
Present capital—$18,000,000 7% Pfd.; 600,000 no par common shares.

Kresge Department Stores

Yr., Jan. 31	Net Sales	Net Profits	Indicated on Common	Price Range, Common H.	Price Range, Common L.
**1923	$10,282,130	$483,692	$1.85	....	....
*1924	10,147,997	500,671	1.90	....	....
1925	9,489,039	328,933	0.43	45¾	31½

**Estimated 12 mos. on basis of actual for 4 mos.
*Estimated
Present capital—$3,500,000—8% Pfd.; 114,000 no par common shares.

R. H. Macy & Co.

Yr., Feb. 1	Net Sales	Net Profits	Earned on Common	*Price Range, Common H.	*Price Range, Common L.
1920	$35,828,515	$3,120,038	$7.00	....	....
1921	44,527,220	2,418,605	4.80	....	....
1922	66,671,763	2,299,816	4.60	....	....
1923	49,615,230	3,136,942	7.31	64⅛	54½
1924	51,232,360	3,337,887	7.58	71½	57½
1925	56,369,795	3,005,698	6.70	71½	59

* Calendar years 1924-1923-1922.
Present capital—$9,389,000 7% Pfd.; 350,000 no par common shares.

May Department Stores

Yr., Jan. 31	Net Sales	Net Income	Earned on Common	Paid on Common	Price Range, Common H.	Price Range, Common L.
1920	$57,962,444	$5,506,346	*$25.00	*$6	131¾	60
1921	68,254,715	4,708,674	* 21.25	* 7.75	137½	65
1922	58,981,539	4,052,593	* 17.24	* 8	114	65½
1923	61,685,253	5,504,233	10.00	4	174¾	66½
1924	90,997,655	6,680,542	12.10	5	A 93	67⅝
1925	89,932,915	5,909,608	10.65	5	**A 115	82½

* Earned and paid on 200,000 shares, $100 par.
** Calendar years. A—$50 par.
Present capital—$5,354,100, 7% Cum. Pfd.; $26,000,000 Common, $50 par.

At one time last year it was thought that the stock was in line for early dividend payments, but now it would seem as if this expectation would have to be deferred for some future date. *On that basis the stock remains in the position of any speculative security where results of an ambitious expansion plan are still to be visualized in substantial additions to net earnings per share.*

KRESGE DEP'T STORES When Kresge Department Stores was formed in the summer of 1923 it attracted more than ordinary interest because of the sponsorship and control by S. S. Kresge, whose success in the chain store retail field has long been a matter of general knowledge. There is no corporate relationship between the S. S. Kresge Company, operating the well known chain stores, and Kresge Department Stores, but because it was believed that Mr. Kresge would apply the chain store principles of buying and distributing merchandise through a chain of department stores, the new company was thought to be embarked on the road to eventual success and large earning power.

At the present time, Kresge Department Stores owns two stores; one in Newark, N. J., and one in Washington, D. C. The L. S. Plaut & Company store in Newark has been operating for fifty years and the Washington store, The Palais Royal, has a history covering 45 years. Available records show that The Palais Royal has had a net earning power considerably larger than the Newark store. There is not such a great difference in the gross business done by the two stores, but the Washington establishment apparently has succeeded in keeping net up to better advantage than has the Newark store. Some observers had thought that the acquisition of earnings units would proceed much faster than it has. It has been rumored that Kresge Department Stores might take over Stern Brothers in New York City, but thus far nothing has come of the rumor. Not many weeks ago a syndicate in which Mr. S. S. Kresge was prominently mentioned, bought control of The Fair Company, operating the big store in Chicago. This store may eventually find its way into the Kresge Department Store organization, but nothing official has developed in this direction.

In the meantime the two stores which are operating can support well enough the dividend requirements upon the preferred stock outstanding, but it is difficult to believe that they can soon develop considerable earning power upon the common shares outstanding.

At present it requires $280,000 a year to pay the preferred dividends, and in ordinary good years The Palais Royal store ought to earn enough to cover that. The stock is an 8% cumulative issue, and is selling at present to yield well over 8%, at which levels, it seems rather an attractive semi-investment issue.

The common shares outstanding to

(Please turn to page 1120)

Was the Dodge Buy a Bargain?

Did the Bankers Pay Too High or Too Low for the Business of Dodge Bros.?—Company Bought on a 12% Basis—$56,000,000 for Good-Will—Some Comparisons

SALE of the automobile properties of Dodge Bros. to a New York banking syndicate for a price of $146,000,000, is the most important financial development in the motor world since the sale of W. C. Durant's stock in General Motors to the DuPont interests in 1921. To the investor it means that he now has an opportunity, if he cares to accept it, to share in what the future holds for the Dodge company. To the industry, as a whole, it means that powerful banking support is now behind Dodge Bros. and that the company has passed from the stage of family and private ownership into the realms of public ownership. In other words, Dodge Bros. has come to Wall Street and the public. Just what this will mean in precise terms to the automobile industry is difficult to forecast. The proof of the Dodge pudding, of course, will be the eating thereof.

Valuation of Leading Motor Manufacturing Companies as Figured on the Dodge Sale Basis of 8½ times 1924 Net Earnings

Company	Valuation on Dodge Sale Basis	Present Market Valuation
Ford Motor Co.	$850,000,000	Unavailable
General Motors	385,312,548	485,372,266
Willys Overland	37,194,204	57,621,203
Studebaker	117,078,810	93,951,000
Maxwell	34,982,090	90,000,000
Nash	78,884,598	108,029,460

It should mean, and there is every reason to suppose that it does mean, that the aggressive policies carried out for many years by the founders of the company will be continued. While this does not indicate that there will be any lessening of competition in the low-priced automobile field, to the contrary rather, it is evident that the company's affairs will be conducted along broad, economic lines.

The actual sale price of Dodge Bros. has not been officially announced up to the time this is written. Estimates have run as high as $175,000,000 and as low as $105,000,000. The figures mentioned in the first paragraph of this article are the ones generally accepted as being correct. Dodge Bros. earned approximately $19,000,000 before Federal taxes last year and a net of approximately $17,000,000. The reported sales price, then, is approximately 8½ times last year's earnings, so that the purchase was made on an approximate 12% basis. On the same basis, the Ford Motor Co. today is worth about $850,000,000.

In this issue appears an article on the fortune of Henry Ford and the question is raised as to what will be the results if huge fortunes are permitted to go on growing through their own momentum and the medium of interest. Perhaps the Dodge sale is an answer, in part at least, to that question.

The story of large fortunes usually is that rarely does the second generation develop individuals with sufficient ability to carry on the work of the original builders. Hence, the second generation, in order to conserve what the first has builded, sells out to others who are better equipped to carry on. Most of the fortunes which bulked large fifty years ago one no longer hears mentioned today. Had the son of the late Jay Gould realized that he was in no way qualified to continue the record of his brilliant father, the Gould financial prestige would have remained untarnished and the Gould family fortune would have been much greater than it is now.

The two Dodge brothers, Horace E., and John F., like Henry Ford in his youth, found a fascination in repairing clocks and watches. It is said that Ford used to slip out of the house nights, against parental orders, and ride miles to repair the clock of some neighbor, without pay and just for the satisfaction which he got in doing that work. There seems to be some connection between repairing clocks and succeeding in the motor manufacturing business if one can judge from the records of Ford and the Dodges. The Dodge brothers acquired a machine shop in Detroit in 1901 for the simple reason that they had loaned money to the owner and the latter had been unable to meet his obligations. This machine shop was the first plant of the Ford Motor Co., the Dodge boys contributing the shop and agreeing to supply 650 motor chassis for $10,000 of Ford stock.

The story of the miraculous growth of the Ford Motor Co. and how all of its original 13 partners—apparently Ford was not superstitious—became multi-millionaires has been told many times.

For ten years the Dodge boys remained with the Ford company and then retired to form their own company. In dividends and from the sale of their Ford stock they received a total of nearly $35,000,000. The reason for the breaking up of the association with Ford was a divergence of views. The Dodge boys wanted to build a higher-priced car and Ford could not see it. Again, the Dodge brothers believed in advertising. When they formed their own firm they used printer's ink by the ton.

It is of interest to note that Ford is now a builder of a higher-priced car and has recently become a national advertiser.

Is the price of $146,000,000 for the business of Dodge Bros. cheap or dear? Valuing the company's plants at $44,000,000 and including quick assets of approximately $46,000,000, it appears that the bankers paid approximately $56,000,000 for good-will, seemingly a high cash price to pay for an intangibility. But one must remember that good-will, sometimes, is the most valuable part of a corporation, for good-will means among other things, potential earning power. The good-will of the U. S. Steel Corporation was placed at $500,000,000 when that concern was organized. In the light of subsequent events that figure does not seem an overvaluation.

Earnings of $17,000,000 is equivalent to 6% on approximately $280,000,000 and 10% on $170,000,000. If the Dodge Brothers company can maintain its earnings at or better than as reported for 1924, the bankers will have acquired a real bargain. While last year was one of the best in Dodge's history, it is stated that earnings this year are at the rate of $20,000,000 annually.

Accompanying this article is a tabulation showing the valuation of several of the leading motor manufacturing companies as figured on the Dodge purchase of 8½ times 1924 earnings. If the best years of the companies mentioned were taken as a basis their valuation figures would, of course, run much higher than as given in the table.

The tabulation shows that with the exception of Studebaker all the companies are selling in the open market at considerably above the "Dodge valuation" basis. If the Dodge company can maintain its earnings it would seem that the bankers have picked up a real automobile bargain even at the record price of $146,000,000.

Eight Very Attractive Low-Priced Stocks for Investors

Adapted to the Purpose of Saving in Securities

TO the investor who is desirous of placing small sums in sound securities of established investment merit, the market affords a number of opportunities in low-priced stocks. As savings accumulate, sums of from ten to fifty and sixty dollars may be made to draw income immediately by purchasing issues selected from the list discussed in this article. Larger amounts may be invested equally well by simply increasing the size of each commitment. As dividends are paid, they may be reinvested in these low-priced shares to equal advantage.

It should be noted that the stocks recommended are intended primarily for income. No attempt has been made to suggest securities having possibilities for price appreciation. It is assumed that the investor intends to hold his stocks for relative safety of principal and a reasonable income return.

THE small investor has long befriended stocks which he could accumulate in small lots without straining his resources. The erratic gyrations of large calibre issues are prone to frighten. On the other hand, the occasional meteoric rise of some cheap stock is a constant stimulant to his imagination. Unfortunately, these cheap stocks were, in the past, nearly always highly speculative. The New York Stock Exchange was then a relatively small affair. The listed issues were confined to representatives of leading industries and a limited number of the so-called "specialties." Rails and coppers were practically the only groups encompassing a wide range of security values.

In those days, stocks selling in the tens, twenties, even as high as the fifties, were too often unsuited to the seeker after real investments. These stocks had come to be labelled "cats and dogs" indiscriminately and were regarded with more or less contempt by hardened traders. There were some meritorious low-priced issues. But they usually suffered from the general opprobrium which had attached itself to all modestly valued shares.

Low-Priced Investments

Increasing public interest in securities and the rapid expansion of Stock Exchange listings has brought a change in recent years. It is no longer fair to treat all low-priced stocks as "cats and dogs." In fact, it may be entirely misleading to do so.

Whatever the relative advantages of the one type over the other—high-priced or low—there is no denying that the small buyer has gained recognition. Security dealers and companies with new financing programs now cater to his preference by offering shares in smaller par value units. Even many of the aristocratic $100 stocks have ceased to exist as such. They have been split-up to invade the low-priced field. Yet no one would think of terming them "cats and dogs."

Tax considerations have resulted in furthering the vogue of "no par" and ten, twenty-five or fifty dollar par value shares. Neither the small investor nor the issuing companies have lost anything by virtue of this growing fashion. The former now finds many more good securities within reach of a slender pocketbook. The latter have secured a far wider distribution of their shares than was formerly possible. Both have gained through the greater market stability which attaches to thorough distribution of securities.

It is not to be taken for granted, however, that the selection of low-priced stocks has become an easier task. Despite the expansion in listings, sound investment issues are not abundant. The majority of cheap stocks are still speculative in varying degree. The discriminating buyer may, nevertheless, select a number of issues which lend themselves readily to a modest investment program.

Investors have doubtless formed the habit of saving definite sums periodically. To many, Liberty bonds and savings banks are a first line of defense for the standpoint of extreme safety. Others may, with some justice, feel that the interest return from such sources is rather too limited. Among the low-priced stocks, therefore, these investors will find several well adapted to fit a variety of individual requirements. These are given herewith:

Eight Examples of Low-Priced Investments

1. A sum as small as ten dollars weekly or monthly may be invested to good advantage in *General Electric Special* stock. This is an issue which the leading electrical equipment manufacturer has been paying to its common stockholders in the form of a stock dividend since 1922. Its par value is $10 and dividends are paid at the rate of 60 cents yearly. Selling around 11, the shares yield 5.5%, not a large return, but considerably in excess of that obtainable from the mediums previously referred to. Backed by the firmly established earning power and generous equities of the General Electric Co., a block of this stock might well be accumulated to form the nucleus of an investment list.

Because of its high investment quality and low price, this security has a very definite appeal for the small investor. It is remarkably free from those disturbing changes which characterize most stocks. In fact, General Electric Special may boast a greater market stability than most bonds.

2. If larger sums are available, the investor may wish to select a higher-priced security. In that event, *Niagara Falls Power Co.*, $25 par value, 7% preferred should prove attractive. Although not entitled to be ranked with General Electric Special, this issue is a high-grade investment and has the advantage of a more liberal yield. Earnings of the company show consistent expansion and its preferred dividend has been earned better than twice over, on the average, during the past several years. This issue should also prove to be one possessed of comparative market stability. The company is a representative of the best type of public utility operators, that of hydro-electric power generation. In consequence, earnings are not easily susceptible to disconcerting fluctuations. Currently selling at 28, the shares afford an income return of 6.2%.

3. Those who are in a position to set aside still greater contributions to a savings account will find a wider range of investment issues to select from. *North American* 6% preferred, for example, quoted around 48 and yielding 6.3%, is a desirable issue of the sound, relatively stable investment type. The owner of this security has an interest in one of the leading public utility holding companies whose growth in recent years has been remarkable. The preferred stock was first offered in 1921, since which time dividends have been covered more than three times over each year.

4. *American Bank Note* 6% preferred shares also, of $50 par value,

suggest themselves as desirable medium for the small buyer whose primary consideration is safety of principal and a reasonable income return. The dividend record of this company has not been broken since organization in 1906. Earnings available for dividends have varied from two to more than ten times requirements on the preferred issue since 1914. Expansion in recent years has been marked as a result of the growing demand for bond and stock certificates, a field in which American Bank Note specializes. Its preferred stock has a high investment standing and at prevailing prices around 55 yields 5.5%.

5 and 6. *United Drug* first preferred and *Radio Corporation preferred,* like American Bank Note, are $50 par shares which however, are not so well seasoned and hence are available on a high yield basis. Both are entitled to dividends at the rate of 7% per annum. All things considered, it would be difficult to choose between the two. United Drug first preferred at 53 yields 6.6%, while Radio Corp. preferred, around 51, returns 6.8%.

United Drug, despite the severe setback administered by deflation in 1921, has a strong record. The preferred stocks, first and second, have paid dividends continuously since the company was organized early in 1916. The investor in United Drug first preferred has the assurance of conservative management and steadily expanding earning power for maintenance of dividends.

Radio Corporation, though an infant among corporations, has already carved a sure place in the industrial world. Partaking of the nature of both a merchandising and public unility company, it has developed an ability to cover preferred dividends by a wide margin. The preferred shares may justly be included in an investment list.

7. To give our list the proper degree of diversity, it would be advisable to add at least one railroad issue. It is necessary to reach somewhat above the average price level of the stocks already suggested, to do so. *Kansas City Southern* preferred, however, is an attractive addition. Although this comparatively small road has shown considerable improvement in earning power in recent years, its common stock has never received a dividend. The senior issue, however, on its record of seventeen years uninterrupted payments, is to be regarded as a sound investment. At the prevailing price, 58, this stock affords an income return of 6.9% on the basis of the $4 non-cumulative dividend.

This article is especially adapted to the needs of small investors.

8. Partly to compensate for this previous departure from the strictly low-priced field, we may include *Pittsburgh Utilities Corp.*, $10 par value, preferred. This stock will appeal to those less conservatively inclined as a low-priced security of merit. The company was organized comparatively recently to acquire a block of Philadelphia Co. common stock formerly controlled by United Railways Investment Co. Its income is derived from the dividends received on this holding. In addition to the regular 7% dividend, the preferred stock shares equally with the company's common in all dividends over $1 a share on the latter. At present, the preferred is receiving extra dividends at the rate of 50 cents yearly under this participation clause. At recent prices around 14, Pittsburgh Utilities preferred yields approximately 8.6%.

While each of these stocks is suitable for the investor of limited means, commitments should not be confined to any one exclusively. The element of risk is not entirely absent even in the soundest security. It is, therefore desirable to spread one's capital over a number of issues so that unforeseen developments of an adverse character in one industry may not cripple the entire investment, or tie up too much capital. A list of ten representative stocks held in one share lots is in most cases to be preferred to ten shares of one issue. At the same time, enthusiasm for the accumulation of low-priced securities should not lead the small buyer to carry diversification to extremes. Watching too many baskets is no less an evil than trusting implicitly to one apparently strong security for safety.

Commission charges on small lots may seem out of proportion to the market price of the low-priced shares. Unfortunately, brokerage firms have adopted a schedule of commission rates which requires that they do not charge less than one dollar for the execution of an order. This works a hardship on the small buyer. For example, the purchaser of stock selling, say, around $25, must pay one dollar to his broker for his services in buying or selling less than seven shares. Hence if he buys only one, he must add a full point to the price of his stock. If he were to buy ten shares, the broker's commission would total $1.50, or at the rate of only 15 cents a share.

While a certain penalty is thus attached to transactions in very small lots, the investor should bear in mind that he is acquiring stocks for income. His object should be to hold them indefinitely, or so long as there is no reason to believe that dividends will cease. He has nothing to do with market fluctuations. In fact, the stocks here recommended offer little prospect for marked price appreciation. At the same time the likelihood of material decline is equally limited.

Under these conditions, therefore, the buyer can well afford to ignore the disadvantage of commission charges as applied to small lots. If he does not care to do this, however, he has two alternatives. He may wait until sufficient capital has accumulated to buy larger blocks. Or, instead of buying one share of $50 stock he may purchase five shares of a $10 issue, thus reducing his per share commission.

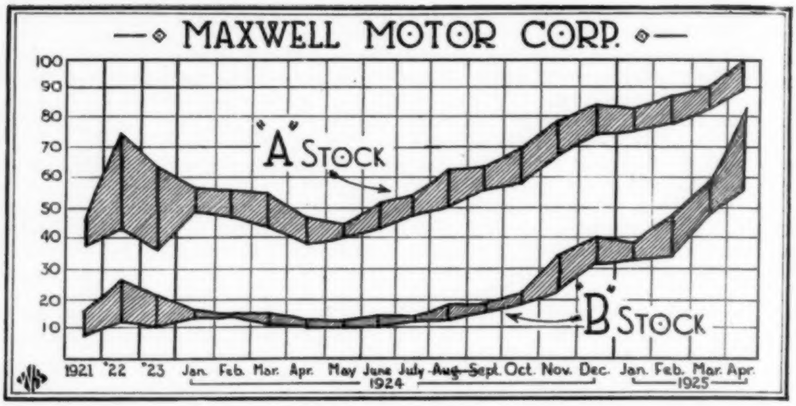
Eight Low Priced Investment Issues for the Small Investor

	Par Value	Recent Price	Dividend Rate	Yield %	Earned $ per Share 1921	1922	1923	1924
General Electric Special	$10	$11	$0.60	5.5	....	30.09	18.94	14.69
Pittsburgh Utilities Corp. Pfd.	10	14	[*]1.20	8.6	....	....	[a]1.52	[b]1.53
Niagara Falls Power Pfd.	25	28	1.75	6.2	4.15	3.80	3.92	nf
North American Pfd.	50	48	3.00	6.3	11.65	16.07	24.59	[c]23.37
Radio Corp. of Am. Pfd.	50	51	3.50	6.8	....	....	7.65	18.04
United Drug 1st Pfd.	50	53	3.50	6.6	def.	9.78	12.73	20.56
American Bank Note Pfd.	50	55	3.00	5.5	19.65	20.77	23.38	24.13
Kansas City South. Pfd.	100	58	4.00	6.9	10.54	7.53	13.21	†9.5

*Including extras. †Partly estimated. a—From March 26. b—First nine months. c—12 mos. ended Oct. 31, 1924. nf—No figures available.

New Maxwell Line-up a Clever Move

Chrysler Corporation to Take Place of Maxwell—What It Means to Shareholders



WALL Street was taken by surprise by the official announcement that the present Maxwell Motor Corporation would be absorbed by a new company to be known as the Chrysler Corporation. Mr. Walter P. Chrysler is the Chairman of the Board and President of Maxwell, and the change in name is to be assumed as a compliment to the directing brains of the organization. Certainly, the success of Maxwell in the past year is due in large part to the genius of Mr. Chrysler.

Terms of Conversion

The essential features of the reorganization plan are as follows:

(1) The Chrysler Corporation will manufacture and sell Maxwell and Chrysler cars and will carry on the business as usual.

(2) Present Class "A" holders will receive share for share a new issue of 8% cumulative preferred stock, callable at 115. The new preferred issue will carry a sinking fund of not less than 10% of the dividends declared on the common shares. Class "A" holders will receive in addition a bonus of 10% in Chrysler common.

(3) Holders of Class "B" stock will receive, share for share, the new Chrysler common.

(4) If stockholders approve the plan as a whole arrangements have been made to retire an amount of Class "B" stock equivalent to the 10% bonus to Class "A" holders. This leaves the common stock capitalization unchanged.

Results of Conversion

Practically, the results are that the participating feature hitherto reserved for Class "A" holders is eliminated. The old arrangement was that the Class "A" had the privilege of sharing equally in any dividends declared after $8 per share had been paid on both classes. For the loss of this privilege, the Class "A" holders are compensated with an issue of preferred stock, nominally more secure than the "A" issue, and also a 10% bonus in new common.

On the whole, the change is one to be welcomed by Class "A" holders for their extra compensation is immediate. Thus, after the plan goes through, Class "A" holders, if they like, may sell their 10% bonus in new Chrysler common and pocket the cash. At the present value of the Class "B" shares of around 89, this would amount to virtually a stock dividend equal to nearly $9 a share on the Class "A" stock.

The Class "B" holders do not seem to fare so well. In the first place, the new sinking fund provision will continue to operate moderately against them. The sinking fund, as stated, provides that not less than 10% of the dividends on the new Chrysler common be utilized for retirement of the preferred stock. In the second place, the management in lean times would probably be reluctant to cut or pass the preferred dividend, whereas the same objection would not have existed to the same extent in the case of a mere "A" common stock. This means that preference actually will be given the preferred shareholders, and at times this will necessarily have to be at the expense of the common holders. On the other hand, the common shareholders may benefit, if earnings are exceptionally high, through elimination of the profit-sharing features formerly attached to the old Class "A" issue. This means possibilities of larger dividends on the common than would have been possible if the profit-sharing feature were retained.

Outlook for Earnings

The entire question, of course, simmers down to one of earning power. This is not in any way changed by the new arrangement. Last year's statement showed that after all charges, including the expenditures involved in bringing out the new Chrysler car and the $8 dividend on the Class "A," an amount equivalent to $3.56 per share was left for the 617,948 shares of Class "B" stock. Earnings for this year should be larger. Production is increasing and the Chrysler car is reported in exceptionally good demand. An estimate at this time is hazardous, but it does seem that, based on last year's performance, the company should earn at least $6 or $7 a share this year on the new common stock.

The common stock, however, has more than discounted this favorable prospect. Selling last year at a low price of 10, it persistently advanced, reaching recently a record price of 89. When we compare Studebaker Corporation common stock selling at $44 a share and paying dividends of $4 which are being earned by a margin of from 50 to 100%, it would appear that either Studebaker is too low or Maxwell "B" too high. Both are probably correct contentions.

In any event, while the holder of the "A" shares would be justified in converting his shares into the preferred, those holding the "B" stock are not in such a fortunate position. For the time being at least, the issue has had more than its share of glory in the stock market, and in the opinion of the writer a switch from these shares to Studebaker would be justified.

N. B.—It is, of course, possible that the stockholders may not approve the plan, in which case, conditions would revert to the status quo. This article, however, is based on the assumption that the conversion of the Class "A" and "B" shares will be effected.

Next Issue Will Contain a Vivid Article on the Daily Work of the Floor Trader on the New York Stock Exchange

Statistics and Comment on Twenty-Two Stocks That Should Give Good Resistance to Market Decline

NOTE:—Practically all industries are affected to some degree in times of adverse business conditions. The issues listed below, however, are representative of companies which are capable of standing up well under depression. They have been chosen with reference to stable earning power as well as ability to resist market setbacks.

Name of Company	Industry	Dividend Record Unbroken	Price Range 1921 High	Price Range 1921 Low	Price Range 1924 High	Price Range 1924 Low	Earned $ per Share 1921	Earned $ per Share 1924	Recent Price	Div. Rate	Yield %	REMARKS
Amer. La France	Mfg. fire-fight. apparatus	10 yrs.	11	8	12	10	$1.45	$1.71	12	$1	8.3	Depends less upon general conditions than on ability of municipalities to borrow cheaply. Attractive.
Amer. Tel. & Tel.	Public utility	25 yrs.	119	96	134	121	11.10	11.31	134	9	6.7	Stability of earnings too well known to require comment. Yield still attractive.
Amer. Tobacco	Tobacco mfg.	21 yrs.	137	112	169	136	16.85	*9.03	*89	7	7.8	Has apparently reached limit of dividend possibilities for present, but entitled to consideration as investment.
Amer. Type Found.	Mfg. type & printing mchy.	27 yrs.	Not Listed		115	106	¶16.26	¶14.78	104	7	6.7	Formerly inactive issue. Record of steady growth. Good long pull prospects.
Amer. Water Wks. 7 %	Public utility	8 yrs.	67	48	101	90	24.23	28.84	100	7	7.0	Provides an essential service not likely to be influenced by business conditions. Sound investment. Good yield.
Austin Nichols Pfd.	Wholesale grocery	6 yrs.	70	51	91	79	7.11	19.97	88	7	7.9	Shares have rather limited marketability, but well protected by earning power. Attractive business-man's holding.
Brooklyn Edison	Public utility	25 yrs.	101	88	124	107	10.28	11.81	129	8	6.2	Sound investment issue. Current yield moderate, but should ultimately pay more liberal dividends.
Commercial Inv. Trust	Commercial financing	1 yr.	Not Listed		58	31	....	5.37	56	2½	4.4	Earnings of predecessor companies have shown steady expansion even in face of depression. Attractive only for long pull.
Diamond Match Co.	Mfg. matches	36 yrs.	108	95	120	115	9.85	9.98	115	8	6.9	Stable earning power, but has apparently limited possibilities. Fair investment.
Endicott Johnson	Shoe mfg.	6 yrs.	81	52	73	56	9.49	6.94	64	5	7.7	Common dividend well protected though earnings subject to some variation. Attractive spec.-vestment.
Federal Lt. & Tr. Pfd.	Public utility	3 yrs.	Not Listed		85½	74	2.78	33.18	85	6	7.0	Good growth in recent years. Attractive investment issue.
Gimbel Bros. Pfd.	Merchandising	2 yrs.	Not Listed		107	99	†12.22	†40.99	104	7	6.7	Comparatively new issue of old established business. Wide margin of safety over preferred dividends. Sound investment.
Hoe (R.) & Co.	Mfg. newspaper presses	‡‡	Not Listed		52	48	....	5.04	45	4	8.8	Largest mfg. newspaper presses. Newcomer to list but good record. Comparatively stable business. Attractive.
International Tel. & Tel.	Public utility	4 yrs.	Not Listed		94	66	6.02	11.18	88	6	6.8	To foreign field what Am. Tel. & Tel. is to domestic. Affords an attractive return.
Liggett & Myers	Tobacco mfg.	13 yrs.	164	138	‡68	‡50	25.34	‡6.04	‡58	c4	6.8	Strong company. Consistent record. Paying extras. Favorable long pull prospects.
Met. Edison Pfd.	Public utility	5 yrs.	Not Listed		101	90	a23.22	24.89	99	7	7.1	Well developed earning power. Shares with common in all dividends over $4 a share on latter. Affords good yield.
Nat'l. Dairy Prod.	Ice cream & dairy	1 yr.	Not Listed		44	30	a3.76	6.10	47	3	6.3	Growing company. Industry not subject to sharp fluctuations. Has promising possibilities.
Tob. Prod. A.	Tobacco	3 yrs.	a89	72	93	83	a10.95	16.37	98	7	7.1	Practically a preferred stock. Co.'s lease with Amer. Tobacco assures dividend on this issue. Attractive investment.
Ward Baking Corp. 7% Pfd	Chain of bakeries	1 yr.	100 bid		98	80	30.25	13.97	97	7	7.2	Co. produces necessity of daily life. Preferred stock lacks seasoning, but good business-man's investment.
Western Union	Public utility	††68yrs.	94	76	119	105	9.65	12.41	123	7	5.6	Strongly entrenched. Excellent record. Current return small, but has long pull possibilities.
Westinghouse	Electrical equipment	13 yrs.	52	39	71	55	b8.43	b8.96	68	4	5.8	Good long range outlook based on steady growth of electrical industry. Current yield rather low.
Wrigley, Wm.	Chewing gum mfg.	12 yrs.	107	70	§47	§35	7.52	§4.74	§49	c3½	7.1	Chewing gum demand not materially affected by changing conditions. Persistent expansion. Fairly attractive.

* *New stock of $50 par value exchanged for old $100 par November, 1924.* § *One share $25 par value stock exchanged for 3 no par shares, 1923.*
† *Year ended January 31.* ¶ *Year ended August 31.* a *1922 figures.* b *Year ended March 31.* c *Includes extra dividends.*
†† *Except 1871-1873.* ‡ *New stock of $25 par value exchanged for old $100 par November, 1923.* ‡‡ *Initial dividend January, 1925*

LEADING DEPARTMENT STORE STOCKS COMPARED

(*Continued from page* 1114)

the number of 114,000, do not seem to be on the way to dividends on the basis of the two present earnings units. It would seem that for a market valuation of above $30 a share this stock will depend much upon the prestige of, and merchandising ability of S. S. Kresge and upon the belief that earnings units will steadily grow. *In the meantime, this stock lacks outstanding attractions.*

R. H. MACY & CO., INC. "Macy's" is known the country over, even though it designates one department store located in New York City. Macy's is a pioneer among the cash stores of the country, the business having been started on this basis over 50 years ago. There are no charge accounts, so-called, and the traditional policy established by the original Macy and continued by the Straus family has been to sell solely for cash and thus to make a rapid turnover of inventory and undersell many competitors. This policy also includes buying for cash. R. H. Macy & Co., Inc., dates back in its present corporate form to 1919.

One criticism that was leveled at Macy shares when they were first put upon the public market was that as the corporation operated only one store, the risk was concentrated and not diversified enough to protect a shareholder from the fluctuations of local business conditions. Something over a year ago a substantial interest was purchased in the La Salle & Koch Co. of Toledo, Ohio, and a few months ago a substantial interest was acquired in the business of Davison-Paxon-Stokes Co. of Atlanta, Ga.

Furthermore, it is stated by the Macy management that it will be the policy of the company to further expand in promising centers. When the business of R. H. Macy & Co. was confined to one store it might have been possible to appraise the limit of earnings more or less definitely, but now that the company has decided to add to its operating units a new question immediately arises. Last year operating profits were decreased on account of preparations for increasing the space of the New York store, but this was a temporary condition. In the year ended January 31, 1924, net profit after taxes was about 6% of net sales, while in the fiscal year just ended it was under 6%, but not much under. In expanding facilities, Macy's has not created mortgage debt of any amount. Therefore, share capitalization has practically a prior claim upon earnings, upon good will and upon the equities established.

The common stock is preceded by $10,000,000 7% preferred. Dividend requirements on this senior stock are earned over four times and it is a

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Preferred Stocks

As a general rule, there was little change in the market for preferred stocks, which continued to ignore speculative activities in the common share division of the market. It is true that here and there, such as the Worthington Pump preferred issues, there appeared no demand at previously ruling quotations, but it was quite evident that any real demand for those issues would result in recovery of the losses recorded by necessitous or timid selling. The automobile stocks improved their price position, advances being shown by Fisher Body of Ohio, Mack Trucks and Studebaker preferred. Some of the rails, however, were inclined toward weakness, led by Chicago & Northwestern preferred, which declined over five points. California Petroleum preferred selling up to 116 was a spectacular feature. Goodyear Tire & Rubber preferred, to which we called attention in our last issue, advanced several points. We feel the preferred stock list has not exhausted the investment and speculative opportunities available, and this division of the market merits the attention of investors averse to assuming the risk of common stock speculation.

PREFERRED STOCK GUIDE

(LISTED IN ORDER OF PREFERENCE)

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named.

SOUND INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Mack Trucks, Inc., 1st....................(c)....	7	108	6.5	5.5
General Motors Corp. ....(c)....	7	105	6.6	(y) 5.1
Cluett-Peabody & Co. ....(c)....	7	106	6.6	3.5
Loose-Wiles Biscuit Co. 1st..............(c)....	7	107	6.5	2.5
Studebaker Corporation ....(c)....	7	113	6.1	20.0
Schulte Retail Stores Corp...............(c)....	8	112	7.1	(w)10.0
Gimbel Brothers, Inc. ....(c)....	7	104	6.7	3.3
Baldwin Locomotive Works ....(c)....	7	110	6.3	3.2
Endicott-Johnson Corp. ....(c)....	7	112	6.2	4.5
American Smelting & Ref. Co..............(c)....	7	108	6.5	1.7
American Steel Foundries ....(c)....	7	110	6.4	6.7
U. S. Industrial Alcohol Co. ....(c)....	7	107	6.5	5.2
Associated Dry Goods Co. 1st.............(c)....	6	99	6.0	4.0
PUBLIC UTILITIES:				
North American Co. ....(c)....	3	48	6.2	(w) 6.9
Philadelphia Company ....(c)....	3	46	6.5	5.6
RAILROADS:				
Chicago & Northwestern ....(c)....	7	105	6.6	....
New York, Chicago & St. Louis............(c)....	6	89	6.7	(y) 3.7
Chesapeake & Ohio conv. ....(c)....	6.50	105½	6.1	9.0

MIDDLE GRADE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Bush Terminal Buildings Co. ....(c)....	7	97½	7.2	1.1
Brown Shoe Co. ....(c)....	7	97	7.2	3.9
Cuban-American Sugar Co. ....(c)....	7	96	7.3	7.5
California Petroleum partic. pfd. ....(c)....	7	114	6.1	1.3
American Ice Company ....(n-c)....	6	76	7.8	2.0
Armour & Co. of Del. ....(c)....	7	91	7.6	(w) 2.3
Allis-Chalmers Mfg. Co. ....(c)....	7	105	6.6	2.8
Genl. American Tank Car Co...............(c)....	7	97	7.2	4.0
Natl. Cloak & Suit Co. ....(c)....	7	101	7.0	4.5
PUBLIC UTILITIES:				
Radio Corp. of America A pfd.............(c)....	3.50	51	6.8	(w) 3.5
Amer. W. Wks. & Elec. Corp. 1st..........(c)....	7	100	7.0	2.8
Metropolitan Edison ....(c)....	7	99	7.1	(w) 2.3
Public Service of N. J. ....(c)....	8	110	7.2	3.4
RAILROADS:				
Baltimore & Ohio ....(n-c)....	4	64	6.2	(y) 4.75
Bangor & Aroostook ....(c)....	7	94	7.4	2.5
Colorado & Southern 1st pfd............(n-c)....	4	60	6.6	7.5

SEMI-SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Famous Players-Lasky Corp. ....(c)....	8	106	7.5	(y)6.5
Pure Oil Co. conv. pfd. ....(c)....	8	106	7.5	4.2
American Beet Sugar Co. ....(n-c)....	6	82	7.3	1.5
National Department Stores ....(c)....	7	97	7.2	4.0
Fisher Body Corp. of Ohio................(c)....	8	108	7.4	....
Austin Nichols & Co.	7	88	7.9	1.8
Worthington Pump & Mfg. "A"..............(c)....	7	79	8.8	2.0
Orpheum Circuit ....(c)....	8	101	8.0	(w) 3.2
International Paper Co. ....(c)....	6	72	8.3	1.75
PUBLIC UTILITIES:				
Amer. Water Wks. & Elec. 2d pfd....(n-c)....	6	102	5.8	2.8

SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
RAILROADS:				
Chicago, Rock Island & Pac..........(5-7%)....	7	93	7.5	(x)1.35
Gulf, Mobile & Northern..................(c)....	6	93	6.4	(x)1.3
Western Pacific ....(c)....	6	89	6.7	(x)1.00

(c) Cumulative. (n.c.) Non-Cumulative.
(w) Average for last two years.
(x) Average for last three years.
(y) Average for last four years.
(z) Stock was issued this year.

* Based on average earnings during past six years.
† Average number times earned last five years.

What the News Means

– Timely and plain-spoken interpretations of the important financial happenings of the day –

Nearly Two Hundred Million—

—dollars changed hands as the result of the Dodge Bros. sale and the sale of the controlling stock which E. L. Doheny held in the Pan American Petroleum & Transport Co. Incidentally it appears that the bankers in the Dodge purchase made a cash profit in the neighborhood of $14,000,000 and retained all the voting common stock. Yet from an examination of the Dodge earnings one cannot say that the company has been unduly capitalized. Big deals such as the above, are only possible in big times.

* * *

Chicago's Defeat—

—of its Mayor's proposal that the city purchase the street railway and elevated lines is a triumph of intelligence over demagogery. Intelligent persons know that municipal operation means enormous increase in taxation, and that for every dollar additional the landlord is forced to pay, he extracts two additional dollars from the tenant. A similar situation exists in New York City where an ignorant and demagogic Mayor believes that, notwithstanding Lincoln, it is possible to fool all of the people all of the time. If Hylan is reelected this fall, it will be a striking commentary on the relative amount of gray matter in the collective Chicago and New York skulls.

* * *

Increase in Refined Oil—

—products is given as the reason for the weakness in the finished products situation. Notwithstanding, the consumptive demand is excellent. An oil manufacturer estimates that while demand during the first quarter of this year increased approximately 25% over the same period a year ago, output increased approximately 27%. There are hundreds of small independents who have gone into the gasoline manufacturing field, and who are forced to put their outputs on the market as soon as made. Nevertheless, oil profits were excellent in the first quarter, and should continue so if the price structure holds.

Schwab Sees Good Times—

—but Charles Schwab has been described as one who is "optimistic all the time and occasionally is right." In a speech in New York Schwab told his listeners that this is the biggest month his company has had in two years. This will not be a boom year, according to Mr. Schwab, but it will be the kind of year when manufacturers and business men can make money. The latter, doubtless, will have no difficulty in convincing themselves that this is one of the times when the head of Bethlehem Steel is right.

* * *

Studebaker to Enter Bus Field—

—on a large scale, President Erskine announced to the company's stockholders at their annual meeting. Competition in the bus field is less than in the field for pleasure cars, and the so-called "saturation point" is much farther away. Studebaker is now turning out 600 cars per day, but does not contem-

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IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

Proposed Changes

AMERICAN CAR & FOUNDRY CO
To exchange: 2 shs. of new non-par Com. for 1 old $100 par Com.

AMERICAN WATER WORKS & ELECTRIC
To retire: 6% participating Pfd. $10,000,000

ASSOCIATED DRY GOODS CORP.
May 18: To change par value: of Com. from $100 to no par.
To increase: auth. Com. from 200,000 shs. to 800,000.
To exchange: 4 shs. new Com. for each share of old.

BORDEN CO.
Until June 15: Com. and/or Pfd. holders of record May 15, have right to subscribe, at $15, to 1 share new Com. for each share held.

BOSTON & MAINE R. R.
Before Oct. 1: To readjust capital structure in accordance with plan made public April 2 by general committee of bondholders and stockholders.

CHICAGO, ST. PAUL, MINNEAPOLIS & OMAHA RY.
Until May 31: Holders of $18,556,700 Com. and/or $11,259,300 Pfd. may exchange same for CHICAGO & NORTHWESTERN RY. Com., on basis of 1 share Omaha Com. for 5/7 share Northwestern Com. and 1 share Omaha Pfd. for 1½ shares Northwestern Com.

CHILDS CO.
To pay: to Com. Stockholders a Div. of 1% in Com. Stock on each of the following dates—July 1, Oct. 1, Dec. 30.

COCA COLA
To retire: at par ($100), 20% of auth. & outstanding 7% Pfd. $2,000,000

CUYAMEL FRUIT CO.
Until May 1: Capital Stockholders of record Apr. 15 have right to subscribe, at $48.50, to 1 share new for each 5 shares held. shs. 50,000

DELAWARE & HUDSON CO.
May 12: To authorize segregation: of coal properties.

DU PONT (E. I.) DE NEMOURS & CO.
May 1: To redeem: at 106, g. 7½s, '31, an additional....$8,000,000

FEDERAL LIGHT & TRACTION CO.
Apr. 28—To change par value: of Com. from no par to $15.
To increase: auth. Com. from 85,000 shs. to 1,000,000 shs.
To exchange: 5 shs. new Com. for each share of old.
to authorize: 155,000 shs. of new non-par, $6 Cum. Pfd. in place of present 6% Pfd. ($100 par, 55,000 shs. auth., about 39,360 shs. to be then outstanding) and present 8% Pfd. ($100 par, 100,000 shs. auth., none outstanding).
To exchange: 1 share new Pfd. for each share old Pfd.

GENERAL ELECTRIC CO.
May 12—To increase: auth. special $10 par stock from $35,000,000 to $55,000,000; "For the purpose of carrying out the Company's plan to distribute part of this stock annually in addition to the cash dividends paid."

GRANBY CONSOLIDATED MINING, SMELTING & POWER CO., LTD.
Until Apr. 25—Capital Stockholders of record Apr. 10 have right to purchase $100 worth of 7%, 5-Yr., Cv. Debentures for each 100 shs. held. ($4,000,000 of these Debentures to be issued.)

HARBISON-WALKER REFRACTORIES CO.
May 19—To pay: to Com. Stockholders of record Apr. 30, a 33 1/3% Div. in Com. Stock $9,000,000

HAYES WHEEL CO.
Is retiring: its 1st mtg. Ser. "A" 7s & Ser. "B" 6s, due Feb., '29 by purchase in the open market. (On Apr. 8, less than $850,000 remained outstanding.)

HOUSTON OIL CO. OF TEXAS
To sell: 10-Yr., 6½% Notes to finance its 200 mile natural gas pipe line $7,000,000

ILLINOIS CENTRAL R. R. CO.
To acquire control: of the VICKSBURG, SHREVEPORT & PACIFIC RY. CO. and the ALABAMA & VICKSBURG RY. CO. through 250-Yr. leases under the terms of which the Lessee guarantees dividends and interest on outstanding securities of the two leased Railroads. No cash or exchange of securities is involved.

INTERNATIONAL PAPER CO.
To exchange: new 7% Pfd. for present $25,000,000 of 6% Pfd. outstanding, upon payment of $10 a share in cash by present holders.

IRON PRODUCTS CORP.
May 15—To retire: at 110, 8% cum. Pfd., entire issue.......$954,900 (Pfd.—$100 par—is convertible into $10-par Com. on basis of 1 share Pfd. for each 1 2/3 shares Com. UNIVERSAL PIPE & RADIATOR CO. owned $923,500 of the Pfd. on Jan. 1.)

LUDLUM STEEL CO.
To issue: additional Capital Stock to bankers............shs. 15,000 (45% of proceeds to be used to redeem part of its 1st mtg., s. f., Ser. "A" 7s, '43; of which $1,194,000 were outstanding Jan. 1).

MARLAND OIL CO.
Until July 15—J. P. Morgan & Co. has option to purchase an additional block of Capital Stock at $39............shs. 235,000

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Making a Game of It

"I HOPE," says a writer on another page, "that no one will think this budgeting of ours a bore. It is the greatest of fun. We are as fond of our home-made budget as doting parents of their first-born." Which is a pretty good mental attitude to take towards all branches of personal finance.

For when you go at a thing in a frame of mind like this, it becomes interesting—entertaining—diverting. It develops, even, into a sort of game. And you stick to it, and get benefit from it.

Whereas when you undertake budgeting, or investing, or any of the other responsibilities of a financial career solely with the idea "this *must* be done, and no matter how tedious and boresome, I'm going to *make* myself do it"—why then all the fascination of it disappears, and you either tire of the burden soon, and give it up, or else you drag along with it purely out of a sense of duty, each new "session" with your budget or your investment list becoming a little less inspiring, a little less encouraging than the one before.

As a matter of fact, "making a game of it" does not need to be confined to the routine involved in personal finance. It is a good system to employ in most of the other routine-responsibilities of life. Our forefathers (or foremothers) appreciated its wisdom and worth-whileness when they instituted the now old-fashioned "quilting bees" and "house-warmings." Today the principle is practiced no more consistently nor successfully than in the great Boy Scout organization where a special "game" has been devised as a method of "teaching" practically every art which Scouts are supposed to learn.

When a family injects the "make-a-game-of-it" idea into some phase or all phases of its personal financial life, therefore, it is not "trying something new." It is merely putting in practice a principle which was long since proven a good one. It is making what men long ago realized to be a wise and effective concession to human nature.

Incidentally, financial responsibilities lend themselves particularly well to the "make-a-game-of-it" idea. For there is nothing more fascinating than the game of saving money, when it is wisely undertaken, nothing more thrilling than "investment-accumulation," once you get started at it.

And personal finance is a particularly good game to play. There are degrees of winning in it, to be sure; but no matter who you are, if you just play according to the rules, you practically cannot lose.

The High Cost of Fooling Yourself

Some Popular Forms of Self-Deception and What They Cost Their "Victims"

By P. F. RALSTON

Do You—

—Forget that you actually pay the equivalent of $60 a year for the mere privilege of possessing every $1,000 worth of non-income bearing property you hold?

Perhaps you have not thought of it in just this way before. In which case, the accompanying article will interest you, shedding as it does a little much-needed light on this and other methods of "fooling one's self," all of which are costly—and all avoidable.

A RATHER wide acquaintance among people of many occupations and stations in life has confirmed the belief that a great majority have but little conception of the fundamentals of investment and the closely related subjects of saving and expense, although their knowledge in other lines may be extensive and exact. Yet, with the possible exception of health, there is hardly any other subject of such vital importance as one's economic condition, and these two matters are often more or less closely allied.

Even a little familiarity with some of these fundamentals would prevent great waste and personal hardship. The purpose here is simply to make a few observations on some of the features with the hope that this may be helpful.

An Overlooked Cost in Home-Owning

How few people can solve with even approximate accuracy the problem that touches every household, the relative economy of owning or renting a home. This is a real problem for owners as well as renters. Thousands of families own and occupy homes that have a rental value far beyond what they can afford for housing. This is especially true since the great increase in building costs in recent years. The fact that they do not have to dig down and pay rent in cash every month leads many to forget this cost, but they are paying it just the same. A readjustment would frequently bring about immediate benefit.

A friend of mine was fortunate enough to buy a home for about $10,000 just before the war. He was later offered $23,000 for the property but did not take it. Considering taxes, insurance, repairs and interest, on the basis of this offer, the occupancy of this home was costing him about $200 a month. In his case such an expenditure for this purpose was much more than his income justified, according to his own view when he afterward figured it out; and let this be emphasized: it was just as truly an expenditure as if he had written his monthly check for it. The dissipation of potential value is just as real as the expenditure of actual cash.

This is no argument against buying or owning a home. Such ownership gives a satisfaction and affords advantages not to be had by the renter; but surely anyone can, with a little thought, estimate what this satisfaction and these advantages are worth in dollars and cents in his own particular case and then take account of this sum in his calculations.

A college-bred woman of unusual intelligence explained to me that she had bought a home for $7,500 and had calculated that her total monthly housing cost was now only $15 which included taxes, insurance and estimated repairs. She was pleased to think of the saving she was making, compared with the $50 per month previously paid in rent. When told that a more accurate determination of the expense, including interest on the investment, would show an equivalent rent of about $60 a month, she said she could hardly afford that much. Nevertheless, it was costing her that amount but she did not know it. Although such an error seems obvious, its prevalence is widespread.

Actual Costs Compared to Income

The tastes of different people vary widely and the manner in which a person spends his money is, of course, generally not the business of others. To one man, the possession of an automobile may mean more than the assurance of his soul's salvation. Furthermore, each one has some idea of how much his purchases are worth to him, but unfortunately he frequently does not know what they are actually costing after every cost factor has been taken into account.

The man with a few thousand dollars salary and a $2,500 automobile often fails to realize that this luxury may be costing him one-fourth of his income, the earnings of one week out of every month, yet this estimate is probably not far-fetched. If he applied even the elementary principles of cost accounting as used in industry, he would soon discover this fact when all the items were taken account of, including the less obvious ones such as depreciation, interest on the cost, as well as rent of garage, whether owned or not.

This is no tirade against personal extravagance; I am no reformer. If this man wants to spend one-fourth or more of his income on his car, or any other possession, it is no concern of mine but it ought to be of great importance to him to have some fairly close idea of what this cost is, so that he may be in position to make an intelligent decision as to whether he is getting his money's worth.

It may be said that all this sort of analysis would take the joy out of life. Well, in the long run, if it does not put more joy into it than it takes out, it is not worth while, for we are entitled to all the joy and happiness we can get in this world, but it is well to remember that someone is always on the alert to capitalize your failure to make such analysis and to cash in on what you lose.

Getting the Right "Mental Attitude"

The principles here involved are closely tied up with the mental attitude toward money. If Mr. A. has $1,000, he begins to wonder what he can get for $1,000 to satisfy his more or less immediate pleasure. If Mr. B. has $1,000, he thinks about what he will do with the $60 per year that it will earn for him. It is just this that makes the distinction between the forehanded and the shiftless. Whatever fault we may find with the income tax, it must be given credit for making us take some account of our personal finances.

In the matter of homes, automobiles,

(*Please turn to page* 1174)

Himself and I Budget

By "J. A. H."

(The figures given in this article are taken from the actual expenditure of the writer and her family during the last five years.)

LONG, long ago, when we were young, Himself and I decided to budget. That was in our pre-marriage days when we were solemnly swearing that, come what may, we would save. Even then it did not sound too easy a thing to do, but we felt that we had accomplished something when he said, "Let there be a Budget," and there was a budget. Since then, like Fairy soap, there has always been a little budget in our home.

Began On $3,500 a Year

We married on a salary of $3,500 and owned stock to the value (in 1919) of $15,000 and carried insurance to the value of $8,000. Our first decision, on which we have never gone back, was that we should not touch our interest, but that we should turn it back into investments as fast as we could and that we should use any insurance bonuses we received to increase our insurance. That is to say—*we decided to live wholly within our salary.*

For the first six months we made no budget, but kept careful accounts of our expenditure. Then, in January, 1920, with the accounts of the last six months to go on, we worked out the following budget in which we aimed at saving $50.00 a month:

Estimate of Expenses for 1920—Monthly

Groceries and laundry	$45.00
Coal	10.00
Light	2.50
Rent	35.00
Telephone	2.00
Himself—personal	18.00
Herself—personal	18.00
Itself—personal	5.00
Insurance	41.00
Help	17.00
Stationery	3.00
House equipment	10.00
House running expenses	2.50
Travel	5.00
Medicines and doctors	20.00
Amusements	3.00
Charity	5.00
Total	$242.00

Gross salary	$292.00
Estimated expenditure	242.00
Estimated savings	50.00

There are a few items above which need some elucidation:

Our personal accounts were for clothes, street cars, church collections and sundries. (You will notice that the baby had an appropriation, too.)

House Running Expenses took care of all consumable household supplies which did not come under groceries and laundry.

As for doctors and medicine appropriation, it seems large and yet we have in the last five years greatly exceeded it, our actual expenditure being $2,041.00 I wish to point out that this includes no serious illness nor prolonged medical attention, and while it did include three confinements, two of them in a little country town where the doctor's fees were $50.00, I emphasize this because we have always been struck by the small allowance for doctors that is usually made in arbitrary budgets.

The Working of Our System

As to the working of our system, I fear it would turn an accountant gray, but it suited us and may suit others. We each kept a careful daily record of expenditure and once a month we get together and enter the items in their own divisions in a card index. Thus:

House Running Expenses

May 20, 1920

Storm windows removed	$2.25
Box Soap	11.91
Sundries	3.15
Total	$17.31

We had not been working the system long before we discovered that it was one thing to make a budget and quite another thing to keep within it. For instance, our doctor obtusely refused to understand that if we had paid $6.25 for medicines, he could only charge us $13.75. We often found that we had to exceed our estimate.

In order to check this up and to see where we stood, we instituted a second set of cards which for want of a better name we called "Balance Cards." I pick one out at random, viz., "Himself Personal." (Were I a perfect lady, I'd take my own I suppose).

Himself-Personal. $18.00. Balance Card.

1920	Monthly Balance	Accumulated Balance
January	14.35	14.35
February	—6.58	7.77
March	4.66	12.43
April	.95	13.38
May	7.84	21.22
June	14.44	35.66

From this you see that what we did was to subtract our monthly expenditure from our monthly appropriation and put the result in the monthly column, and to prevent any false pride on the rare occasions on which we did not exceed the budget we kept track of our accumulated plusses and minuses in the next column. After that was done I would discreetly retire to the kitchen to make cocoa—we needed it—while my spouse irately wrestled with what he pleased to call the "Surplus on the Budget" card. This is made from an addition of all the plusses and minuses of all the Balance Cards, and shows whether, taking it all round, we have exceeded our appropriation or not. Thus we budget for $242.00. If we save in some departments, and overspend in others, and yet keep our total expenditure within the $242.00, we are happy. If the total expenditure is less, we are radiant; if more (and it is generally more) we see the poorhouse doors, and our wife quickly stimulates us with cocoa.

Ignoring "Savings"

You may have noticed that our estimates did not include "Savings." We pretended that our salary was $242.00 per month. This was a guileful attempt on the part of Himself to keep Herself in a properly abject frame of mind. I am cursed with optimism while Himself lives in mortal fear that if I should find we were plus 10c. I should suggest that we blow it in on all-day suckers instead of investing in savings. He always tries to make me forget this stunt of his and will say in a gloomy tone, "We have spent everything last month." "What about Savings," I say. "Oh, well," says he, with a sheepish grin. So I have insisted on another card (cheer up, it is the last) called:

Cumulative Record

	Surplus	Savings Appropriation	Monthly Total	Grand Total
Jan.	44.78	50	94.78	94.78
Feb.	—135.68	"	—85.68	9.10
March	52.34	"	102.34	111.44
April	—229.01	"	179.01	—69.57
May	—152.58	"	—102.58	—172.15
June	45.75	"	95.75	—76.80

From this you will see that we cannot fool ourselves and say—this is a bad month, but last was good so that we are alright. Each month we know exactly how we stand.

Every two years we go over the records carefully and redistribute. Here is our 1924-25 card, based on a salary of $5,500 and taking into consideration the added expenses of living in a large city instead of in a small northern town and supporting five people instead of two:

Estimated Expenditure. 1924-25. *Monthly*

Groceries and Laundry	60.00
Gas, Light, Ice	12.00
Help	32.00
Phone	3.00
Himself-Personal	15.00
Herself-Personal	15.00
Themselves-Personal	15.00
Insurance	60.00
Tax	16.00
Rent	80.00
Stamps and Stationery	4.00
Scientific Books and Subscriptions	7.00
House Equipment	10.00
House Running Expenses	5.00
Travel	40.00
Medicines and Doctors	30.00
Amusements and Light Literature	8.00
Charity and Presents	8.00
Savings	48.00

You see from the above that, though we are nominally better off, we have had to cut off a little from our personal appropriations, as we have to dress three children instead of one. The large appropriation for books and subscriptions is necessary as my husband is a University Professor and the big expenditure on travel is due to his attendance at scientific meetings and our yearly migration to the cool north. We increased our medical appropriation to $30.00, hoping to keep within this allowance and our Insurance to $60.00 to take care of an increase in payments for an annuity.

So, Here We Are!

So here we are, after five years of budgeting. If we have not saved all we'd like to, we have lived carefully and put by a little. That it is not more is due chiefly to the fact that we have moved the length of the Continent twice, and have added two small sons and a daughter to our family within the five years. That it is not less is wholly due we believe to our faithfulness to the budget.

I hope that no one will think that this budgeting is a bore. It is the greatest of fun. We are as fond of our home-made budget as doting parents are of their first born. Our monthly budgeting is an occasion for friendly stocktaking and much ribald badinage.

What I really think is very important is that we know exactly where the money goes and in the whole five years we have been married we have never even remotely approached a quarrel over money matters. And so Himself and I still budget and when "Themselves" reach years of discretion, they will budget, too.

What Is "Total Disability"?

The Protection Afforded Under the Disability Clause and When It Applies

By FLORENCE PROVOST CLARENDON

Am considering "pay to 65" policy in the New York Life at rate of $37.80 per $1,000.

The policy has double indemnity for accidental death and $10 per thousand to policy holder in event of total disability and elimination of premiums during such disability.

Would there be a tendency to split hairs over the state of disability if this were occasioned by illness and might be a temporary matter of a few months?

Does this Company represent the maximum of strength and security and are the dividends comparable with other companies of like stability?—J. R., Hatboro, Pa.

The policy you outline is free from premium payments in your 65th year and provides protection for dependents throughout your life, the face amount being payable to the beneficiaries on the death of the insured. The company you mention is one of the well-known "Old Line" companies, with an excellent reputation and a history of equitable and satisfactory treatment of its policyholders. Its dividend basis compares favorably with that of other first-class companies.

The Disability Benefit to which you refer is not intended as compensation for *temporary* disability, but is operative only upon the total and permanent disability of the insured. The Disability Clause in the company mentioned states:

"Disability shall be deemed to be total whenever the insured is wholly disabled by bodily injury or disease so that he is prevented thereby from engaging in any occupation whatever for remuneration or profit. Disability shall be presumed to be permanent after the insured has been so totally disabled for not less than three consecutive months immediately preceding receipt of proof thereof."

STRAIGHT LIFE OR ENDOWMENT?

Which Is Preferable for Young Man of 24?

Will you kindly give me your opinion as to which is the better purchase—a 20 Payment Life or a Straight Life Insurance policy?

I am 24 years old and the premium at this age is not great for either policy, so it is not a question of which is the cheaper.

Would it not be better to take a Straight Life policy and to regularly invest the difference in premium between this type of policy and that of the Twenty Year—say in a savings bank at 4¼%, until the amount had become large enough to permit the purchase of some type of security?

In this way I should always have a fund readily obtainable in case of emergency, without going to the inconvenience and unpleasantness of securing a loan on my policy.—W. S. E., Aberdeen, Md.

You ask "which is the better purchase, a 20 Payment Life or a Straight Life insurance policy?" One is as good as the other, but one may be preferable in one case, while the second may better suit the needs in another. One is paid for in payments extending over 20 years, so the premiums are higher than those required for a policy on which payments extend throughout the lifetime of the insured.

In your own case, at age 24, I would suggest in place of either of the above policy plans, a 30 Payment Life policy. Under this policy, all premium obligations would be paid up in your 54th year, and the cost would be very little in excess of that required for the Ordinary Life—about $3 per annum higher on a non-participating basis.

It is well to have a savings bank account in addition to carrying life insurance protection, but I would call your attention to the fact that money in small amounts is much more likely to be regularly and systematically saved by means of payments on life insurance policies than by diverting it toward some other savings fund, because premium payments require a stipulated deposit at a stated time. There is little inconvenience and slight formality in obtaining a loan on a life insurance policy. To be sure, funds cannot be so readily obtained, perhaps, in this way as by means of a draft on a savings bank. This, however, is really an advantage, because a thrift fund should not be drawn against except in case of real stress, and the necessary detail required in obtaining a loan from a life insurance company on a policy (however slight) gives the tentative borrower an added opportunity to decide whether it is really necessary to commit himself to the obligation.

Invest in good, conservative securities as your circumstances and income will permit; but, in your own interest, plan your life insurance program with a view to paying premiums only over that period of your life during which you would normally be in active business life, with your income rising to its peak.

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BYFI'S

Recommendations Table

(For Small Investors)

$100 Bonds	Recent Price	Yield to Maturity
St. L. & S. F. R. R. prior lien 4s, '50	74¼	6.10%
Laclede Gas 5½s, '53	99	5.70
U. S. Rubber 5s, '47	85½	6.25

Preferred Stocks	Per Share Dividend Rate	Recent Price	Yield
Cluett Peabody	7	106	6.54
American Ice	6	76	7.88
Mack Truck 1st	7	107¼	6.58
Radio Corp.	3½	51	6.80
Schulte Ret. St.	8	112	7.20

Common Stocks	Per Share Dividend Rate	Recent Price	Yield
Amer. Tel. & Tel.	$9	133½	6.68

Charting Your Course to Financial Independence

The Graphic Method as a Means of Determining Your Progress and Position

READERS of BYFI are recognizing more and more fully nowadays the value of charts in matters financial.

They are realizing how effectively charts bring out the important features of a record—how well they emphasize the strong or weak points.

Comparatively few readers, however, have thought of using charts, or graphs, in mapping out their own personal financial careers.

Which is too bad—as the graphic method lends itself particularly well to this particular subject.

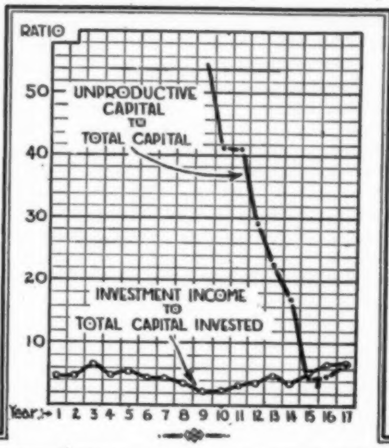
To illustrate the effectiveness of graphs in mapping out an individual financial career, we can do no better than refer to the experience of one reader of BYFI, who learned to use charts to good advantage.

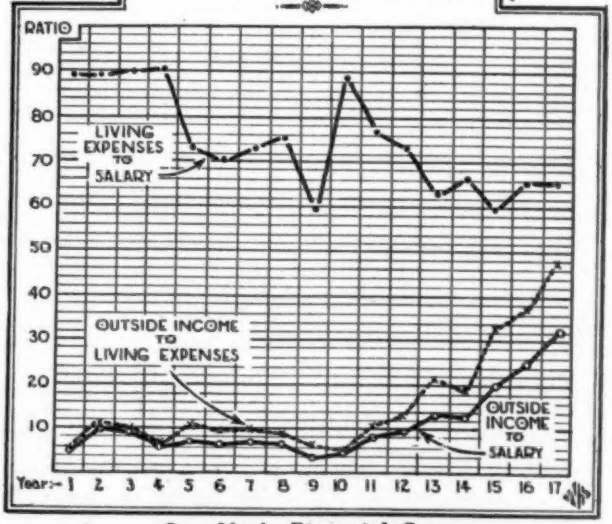
This reader, after eight years of more or less aimless activities in the securities-field, decided one day to determine just what progress he was making toward Financial Independence. He determined to make a graph showing the Income Return earned each year since the first on his total invested capital. To his chagrin, he discovered that, against a return of 6.12% in the third year, his income return had declined to only 2.02% by the ninth year. The way this change for the worse was emphasized by plotting it out in graphic form made him realize, more fully than he otherwise might have done, the importance of mending his ways.

The same reader plotted out three other graphs. Of these, the first showed the ratio of his Living Expenses to his Salary. In other words, it showed how much of a margin of safety there lay, each year, between the amount he earned and the amount he spent. It was some satisfaction to him to note that, in the 9-year period covered, this ratio had declined from about 89% to about 60%—in other words, that his margin of safety had risen from 11% to 40%.

The second of his other graphs showed the ratio of his Income from Investments to his Salary. In other words, it showed how nearly his Outside Income approached his Earnings. It was not particularly encouraging to him to note that, over the 9-year period, this ratio had declined from 5.2% to 3.9%. In other words, his Outside Income had fallen steadily behind his Earnings.

His third graph showed the ratio between his Outside Income and his Expenses. Here again, the results were far from satisfactory. Where Outside Income had been 5.8% of Living Expenses in the first year, it was only 6.6% of Expenses in the ninth.





One Man's Financial Career

The reader himself admits that the "picture" these charts gave him of his financial results did far more than any other means could have done to get him off the wrong road and onto the right one.

He decided to bring his charts up to date, from then on, and to endeavor to improve his position each year.

Realizing that his chief weakness lay in placing too great a proportion of his invested capital in non-income-bearing securities, he also decided to keep one other chart—this time a chart showing the proportion of his total surplus capital that was invested in non-income-bearing mediums. By watching the progress of this chart, in relation with all the others, he would have a complete picture of the progress he was making towards improving his position.

The results this reader obtained in the eight years that followed are illustrated in the accompanying reproductions of his charts. As will be seen, we incorporate all 5 graphs into a single border.

It will be noted that, by the 17th year: Outside Income had been built up to over 32% of Salary and to over 47% of Living Expenses; Non-Productive Capital had been reduced to less than 7% of the whole, and Income Return, in per cent of total capital, had been raised from 2.02% to nearly 7%.

A Good Plan

Here is one particularly good case, then, where charts were exceedingly useful in mapping an individual's financial career.

The same, or similar, charts may be recommended to others.

There is nothing like knowing where you stand to spur yourself on to greater efforts—or keep you on the right road—or steer you away from the wrong road.

And there is nothing quite so effective as the graphic method as a means of bringing the truth in these respects home.

How to Organize an Investment Club

Articles of Agreement of a Typical Club and What They Provide

Note:—This is one of a series of discussions of the Investment Club plan published by BYFI in response to the general interest indicated by readers.

FOLLOWING publication of BYFI's recent articles on Investment Clubs, many requests were received for copies of a typical Club's "Articles of Agreement."

To meet this demand, BYFI asked Mr. Tom M. Brown, writer of the interesting Investment Club article which appeared in a recent issue, to supply us with a copy of the Articles of his organization. In replying, Mr. Brown said:

"In accordance with your request, I am enclosing a copy of the Articles under which we are working. You will be able to see at a glance that, from a legal standpoint, they are very rough and probably ineffective if tested.

"In that respect, our Club is similar to many partnerships, where much is dependent upon the confidence which the various members have in each other."

The Articles of Agreement themselves are reproduced in what follows:

"We, the undersigned, do mutually agree to organize the . . . Investment Association for the purchase of stocks and bonds of reputable companies listed on the New York Stock Exchange, under the following conditions:

"1. The assets of the Association will be represented by ten (10) share certificates.

"2. The holder of each share certificate agrees to pay to the Association the sum of $10.00 upon the first day of each calendar month.

"3. The money so collected shall be invested in the purchase of stocks or bonds on the part-payment plan whereon a sum not to exceed approximately 50% of the market price of said stocks or bonds may be borrowed from such bank or banking institution as may seem satisfactory.

Duties of Manager

"4. The shareholders shall select one of their number as Manager; his duties shall consist of collecting the sums due monthly from the shareholders, of depositing this money in bank in a special account which he shall open as Trustee, of investing this money in stocks or bonds when sufficient has accumulated, of selling the stocks or bonds so purchased, and of distributing interest, dividends, and moneys realized from the sale of stocks or bonds among the stockholders. As to the course to be followed in buying or selling stocks or bonds, it is expected that the Manager will follow the wishes and instructions of the shareholders, but the Manager is authorized to take action when conditions warrant or demand with the consent of five (5) shareholders; i. e., a majority of the shareholders. If, at any time, the shareholders shall so decide, dividends or interest collected by the Manager, or money realized from the sale of stocks or bonds, may be added to the moneys in bank to be applied to the purchase of new stocks or bonds, instead of being distributed among the shareholders.

Withdrawal Privilege

"5. If, at any time, the holder of any shares certificate wishes to withdraw from the Association, he shall surrender his certificate or certificates to the Manager, who is authorized to pay such shareholder the then market value of his share in the stocks or bonds purchased by the Association, plus his proportionate share of the market value of any stocks or bonds under contract but whose purchase has not been completed, plus his proportionate share of moneys on deposit in the bank, from the sum of which a penalty of one per centum shall be deducted. If the funds available to make this payment are insufficient to permit the Manager to pay the shareholders in cash, the Manager is authorized to make, and the shareholder agrees to accept, a promissory note for the value of the certificate or certificates surrendered. This promissory note shall not bear interest and shall cover the period necessary for the accumulation of the money to pay it, without, however, defaulting on any payments due on outstanding contracts. The surrendering shareholder shall not participate in any profits nor dividends nor interest accumulation, nor share in any losses incurred after the date on which he surrenders his certificate or certificates. Such surrendered certificates shall be either resold or cancelled, as agreed upon by the shareholders.

Provision for Arrears

"6. If monthly payment on any certificate is in arrears, the shareholders of remaining certificates shall have the right to cancel such certificate, upon the same terms and conditions as provided in paragraph 5 for the settlement of certificates of a withdrawing shareholder, the settlement to be dated as of the time the payment or payments first became delinquent.

"7. In case of disagreement upon any question, decision shall be determined by a majority vote of the shareholders, each individual being entitled to one vote, irrespective of the number of certificates he holds."

Resemblance to Other Articles

Older readers of the BYFI Department will recognize the close similarity between the above Articles and those adopted by the Investment Association outlined by J. L. Monarch in our issue of July 7th, 1923. In fact, the chief differences between the two lie in the provision that bonds may be purchased as well as stocks in the case of Mr. Brown's Club, while its payments are $10 monthly, instead of $3.75 semi-monthly. Also, it will be noted that the Manager is not permitted to act entirely on his own initiative in Mr. Brown's Club "where conditions demand," but must have the consent of a majority of the shareholders.

Petroleum

Pan American Petroleum & Transport Co.

Pan American's New Masters

Results of the Gigantic Pan American Merger — Doheny Retiring? New Position of Standard of Indiana

WITH the control of Pan American Petroleum & Transport passing to a syndicate consisting of Blair & Co., Inc., the Chase Securities Corporation, and the Standard Oil Co. of Indiana, the latter company becomes potentially the second largest oil company in the country and one of the largest in the world. It is still outranked by the Standard Oil Co. of New Jersey, in respect to size, but the spread between these two corporations is not great. The other member of the world's "Big Three" is Royal Dutch.

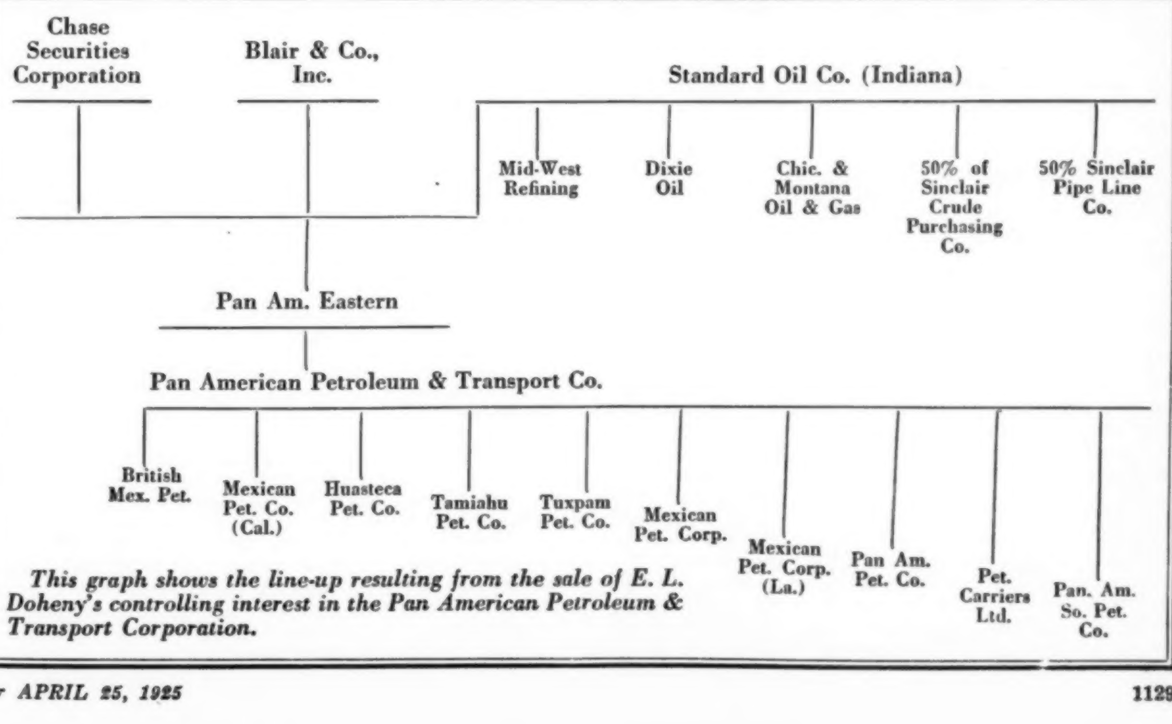
Securities of the Standard of New Jersey are selling in the open market at somewhat more than a total of $1,000,000,000 while the securities of Pan Pete and Standard of Indiana have a market valuation of approximately $770,000,000. Together the two latter have a combined capitalization of nearly $372,000,000 and combined assets of upwards of $541,000,000.

Standard of Indiana is a mid-continent organization and dominates that field. Pan American Petroleum & Transport operates chiefly in Mexico, California and on the Atlantic seaboard. Pan American also owns practically all of the stock of the British Mexican Petroleum Co., Ltd., which has a large interest in the Lago Petroleum Company, operating in Venezuela. The British company has for several years been the European fuel marketing connection of Pan American, and has stations at Southampton, Liverpool, Avonmouth, Southshields, and Glasgow with facilities for handling oil at Thameshaven. This company also has an extensive field of distribution in England, principally in the South.

Control of Pan American Petroleum & Transport passed from the Doheny family, where it has rested since the company was organized, to a syndicate consisting of the Chase Securities Corporation, Blair & Co., Inc., and the Standard Oil Company of Indiana. The syndicate purchased 501,000 shares of Pan American's outstanding voting stock, totaling 1,001,566 shares, par 50, from E. L. Doheny, chairman of the board of Pan American, and members of his family. A new company known as the Pan American Eastern Petroleum Corporation has been incorporated to hold the purchased stock. Pan American Eastern has authorized 250,000 shares of preferred stock, par $100, and 1,000,000 shares of common stock of no par value. Board of directors of Pan America Eastern consists of Elisha Walker and Hunter S. Marston, representing Blair & Co., E. R. Tinker, president of the Chase Securities Corporation, R. W. Stewart and John D. Clark, chairman of the board and vice-president, respectively, of the Standard of Indiana, Fred H. Wickett, president of the Dixie Oil Co., controlled by Standard of Indiana, and Lord Inverforth, managing director of the British Mexican Petroleum Company, Ltd., owned by Pan American Petroleum & Transport.

Pan American Petroleum & Transport's California holdings are owned

(Please turn to page 1151)



This graph shows the line-up resulting from the sale of E. L. Doheny's controlling interest in the Pan American Petroleum & Transport Corporation.

Assoc. Oil Showed Good Profits in 1924, Considering—

—That, as a Whole, 1924 was a Disappointing Period to the Oil Industry

ASSOCIATED Oil is controlled by the Pacific Oil Co. and to some extent reflects the characteristics of the major concern. Associated affairs are conducted on an ultra-conservative basis, its dividends are always within earnings and its stock is not given to the violent gyrations which are seen in more speculative issues.

In its annual reports for 1924, recently issued, Associated showed $2.85 earned per share on its $56,000,000, par $25, capital stock outstanding, or nearly twice the dividend rate of $1.50 per share.

From the angle of gross receipts last year was the largest in the company's history. The company's biggest year in net income was 1920, when the total was $8,807,000. The 1924 total of $6,405,000 was a very creditable showing in consideration of the disappointing developments in the oil trade last year.

Associated Oil's Earnings' Record

	Gross receipts	Net income	Earned per share	Paid per share	Year's surplus
1915	$15,194,792	$1,918,004	$4.83	$4.50	$ 128,909
1916	21,094,849	3,198,388	8.04	4.00	1,608,101
1917	27,952,191	3,841,788	9.66	5.00	1,853,954
1918	30,977,590	4,541,307	11.43	5.00	2,553,475
1919	38,069,130	6,070,343	15.19	5.00	4,082,531
1920	51,193,950	8,807,718	22.15	6.00	6,422,370
1921	49,610,133	8,157,952	20.52	6.00	5,772,609
1922	36,766,769	4,190,568	10.54	6.00	1,805,223
1923	66,093,690	5,950,683	*2.65	*1.50	3,318,011
1924	69,859,166	6,405,329	2.85	1.50	3,045,329

*Capital stock increased from $40,000,000 to $60,000,000 and par changed from $100 to $25.

Associated's Properties

This company was incorporated under the California laws in 1901. It owns or controls nineteen different companies, embracing almost every phase of oil activity. Associated is a complete unit, being engaged in the acquisition of properties, producing, manufacturing, refining, transporting and marketing of oil in California and elsewhere, but chiefly in the Sunset State.

The company owns in fee upwards of 41,280 acres, leases 27,071 acres and holds mineral locations on 3,965 acres in the various producing fields of California. In 1922, 14,275 acres of prospective and proven oil lands in fee and by lease, were acquired, including 5,120 acres in Alaska, 1,280 acres in Wyoming, 1,254 acres in San Joaquin Valley, 856 acres in southern California and 4,184 acres in Ventura County, Cal. The company also purchased a half interest in 1,581 acres of land in Texas.

Associated's principal plant is known as the Avon refinery and is situated on the harbor of San Francisco covering 1,269 acres. It has a daily capacity of 50,000 bbls. of crude oil.

The company's main pipe lines are all situated in California. The one from Coalinga to Monterey is 110 miles long and has a capacity of 15,000 bbls. per day. The pipe line from Santa Maria to Gaviota is 42 miles long and has a daily capacity of 15,000 bbls. In 1923 the company completed 87 miles of pipe line and storage facilities to care for the large controlled production in southern California. The lines connecting Huntington Beach, Santa Fe Springs and the Long Beach fields, have a daily capacity of 100,000 bbls. and those from the Watson tank farm to Los Angeles harbor, a capacity of 70,000 bbls. daily.

Associated owns 181 tanks and 14 reservoirs with a total capacity of 22,000,000 bbls. The company also owns a third interest in the Associated Pipe Line Co. which has two pipe lines from San Joaquin Valley fields to San Francisco Bay points with an aggregate of 561 miles and a capacity of 50,000 bbls. daily.

Its marketing facilities consist of 176 service stations and 54 distributing plants, 388 tank cars of which 268 are owned and 120 leased, 430 trucks and 329 automobiles.

It is evident from the foregoing, that Associated Oil is a well rounded concern of considerable magnitude.

Financial Position

Associated's sales of all products last year totalled approximately 35,000,000 bbls. This represented an increase of 61% over the 1923 sales. Net profits, however, increased less than 8% over the preceding year, indicating the greatly narrowed margins of profits which obtained in 1924. Oil prices in California remained relatively stable during most of the year. They did not show the considerable advance which marked crude and refined in the East during the first quarter of the year, nor the subsequent considerable decline lasting until the end of the year. Beginning with February of the current year oil prices on the Pacific Coast took a strong upwards tendency and as California production is slowly but steadily declining with no big, new pool in sight it appears that the outlook is good.

Provided, of course, that a big pool is not developed elsewhere to upset the oil price structure as happened in 1923 and again in 1924.

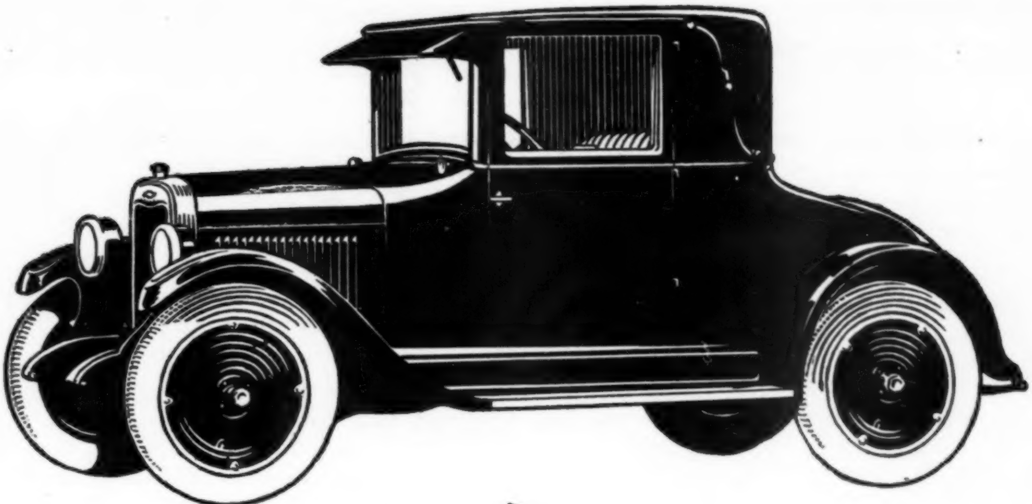
Associated added approximately $3,000,000 to surplus last year bringing that total to $24,679,000.

Working capital on Dec. 31 last totaled approximately $23,000,000, not including $4,748,000 due from affiliated companies. Cash stood at $4,300,000.

Position of Stock

Associated Oil has $25,783,500 6% gold notes outstanding due September 1, 1935. Its stock capital structure consists of 2,240,000 shares outstanding of $25 par stock of an authorized issue of 2,400,000 shares. Approximately 53% of this stock is owned by the Pacific Oil Co. Previous to 1923 the company had $40,000,000 of $100 par stock outstanding, but in that year the amount of the authorized issues was increased to $60,000,000 and the par was decreased from $100 to $25.

Selling at 33 and paying $1.50 per share, the stock of Associated returns only 4.5% on the money invested. The issue occupies a market position analogous to the Standard Oil issues which sell on a long pull rather than an income basis. *In other words, the investor must be prepared to await the gradual building up of values behind the security until the time arrives when the management feels that larger cash or stock dividends are warranted.*



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Roadster	$525	Commercial Chassis	$425
Touring	525	Express Truck Chassis	550
Coach	735		
Sedan	825		

All prices f. o. b. Flint, Michigan

Mining

Texas Gulf Sulphur Co.

An Over-Rated Mining Stock

What Was Back of the Great Rise in the Stock?—Position and Outlook for Company

TEXAS Gulf Sulphur is probably the lowest-cost producer of sulphur in the world, and, with the gradual petering out of other sulphur deposits, has virtually become a monopoly in this country. The position of the company is unique in respect to the fact that even with sulphur at prevailing low price levels, it is in a position to make handsome profits.

Texas Gulf started operations only a few years ago and is consequently a new factor in the industry. This has not prevented it from assuming a highly strategic position as a result of the short life of the older mines and the fact that some of the others cannot operate profitably under their existing high costs. Furthermore, Sicilian competition, which not so long ago was formidable, has lost its effectiveness owing to the fact that the Sicilian mines cannot produce as cheaply as Texas Gulf Sulphur. This will be appreciated from the fact that whereas the Texas Gulf employs the Frasch process, which is economical, the Sicilian interests, which use the old-fashioned and costly kiln process, have had to accept a subsidy from the Italian Government.

Texas Gulf, from the financial viewpoint, is in the unusual position of being able to pay out practically all its net earnings in the form of dividends to shareholders. The company requires but a small working capital and at the end of 1914 its current assets amounted to 10.3 millions whereas current liabilities were only $254,000, a phenomenal ratio of better than 40 to 1. The company held in cash alone about 3.2 millions, equivalent to about $5 a share on its 635,000 shares of $10 par value. There is no funded debt or preferred stock.

Increase in Earnings

Earnings have gradually increased from $1.52 a share in 1919 to $7.58 a share in 1924. Dividends have increased from $1 a share in 1921 to $7.50 in 1924. The present rate is $1.75 quarterly with occasional extras. It is believed that the company will shortly raise the regular rate to $2 quarterly.

During the same period in which earnings and dividends increased, the price of the stock naturally advanced. It sold as low as 23 in 1921 and rose more or less steadily to the recent high of 113. The stock at present writing is quoted at around 110, and it will be easily seen that marketwise it has kept pace with the earnings.

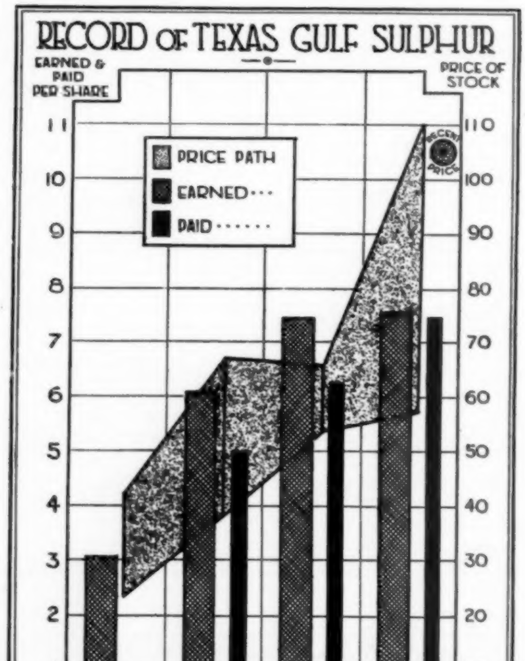
Amortization

While there is no question of the powerful strategic position which the company occupies in its field, there is indeed a question whether the stock is any longer selling on an investment basis. It must be considered that this is a mining company and that the extraction of each ton of sulphur leaves that much less. It is true that the company has an estimated life of about 25 years so that there is no danger whatever of early exhaustion. Yet, from the viewpoint of the investor, it is necessary to amortize an investment in any mining stock. Part, at least, of the dividend return must be considered as a return of principal. If, therefore, half the amount of dividends is considered in the light of a capital return, and the other half an actual return on capital invested, it will be seen that even on the basis of an $8 annual dividend, the actual investment return on Texas Gulf would be only $4 a share, or a yield of less than 4% on the present market price of the stock.

It is clear consequently that any future attractiveness of this issue would have to depend on still further increases in dividends, which in turn would of course depend on the company's ability to increase its earnings. This is not at all impossible in view of the company's virtual monopoly and also to long-range possibilities of increasing the prevailing low price for sulphur, which is about $5 a ton under the average pre-war price. In answer to this, however, the President of the company himself has said that he did not look forward to an increase in the price of sulphur in the near future. This would mean that the company for the time being would have to increase its production in order to increase earnings. On the other hand, the imminent decline in activities of the steel industry, which is one of the two largest consumers of sulphur, would seem to lead to the conclusion that for the time being at least the opportunity for expansion of the company's business will not be especially good.

Conclusion

If the writer held Texas Gulf he would be inclined to dispose of the issue and place the proceeds in such stocks as Westinghouse Electric or Sloss Sheffield.



SERVICE SECTION

ANSWERS TO INQUIRIES.

SUBSCRIBERS—ATTENTION

The inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. As a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands received—43,000 in 1923. The use of this personal inquiry service in conjunction with the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

CALLAHAN ZINC

A Switch Suggested

At one time I held Callahan Zinc and Lead and made a profit on it. About a year ago I bought stock in the company again, paying 4½ for it and now have a loss. Would you suggest that I hold the stock in expectation of higher prices?—A. B. D., Dayton, Ohio.

We do not rate Callahan Zinc & Lead higher than an uncertain mining speculation, and although you have a loss in the stock our advice is to dispose of it for we feel there are better opportunities available in other issues. A suggestion is that you switch into Mother Lode Coalition, selling around 6, as this is one of the lowest cost producers of copper and can show good profits with the metal selling as low as 13 cents. By making this switch you would obtain an immediate return on your investment and own a stock, in our opinion, with better prospects of appreciating in value.

ALLIS-CHALMERS

Is $6 Rate Secure?

Do you believe the increased dividend on Allis-Chalmers can be maintained? I notice that the president merely says that "earnings are holding up and business is fair," which does not sound very encouraging to me.—H. R. B., Albany, N. Y.

Allis-Chalmers in 1924 earned a little over $8 a share on the common stock. This, it is true, is not a very large margin over a $6 dividend rate, but we consider the dividend reasonably well protected in view of the unusually strong financial condition of the company. There is no funded debt or bank loans, and working capital is in the neighborhood of 25 million dollars. This is a larger working capital than the company needs to conduct its business efficiently, and even when operations are active the company has several millions excess funds invested in Government bonds. Under the circumstances, directors would be justified in paying out practically all earnings in dividends. While it is true that the company is not experiencing anything like a boom this year, nevertheless, orders are coming in at a satisfactory rate, and the outlook at this time favors earnings at least as good as last year.

U. S. INDUSTRIAL ALCOHOL

In Strong Position

Please give me your opinion on U. S. Industrial Alcohol. I have been under the impression that the price of alcohol is headed downward. Will the company's inventory be badly affected by such a decline? I have gotten tired of expecting dividends to be resumed on the common, but will hold it longer if you think it worth while.—E. C. M., Dallas, Texas.

In our opinion you are justified in continuing to hold your United States Industrial Alcohol stock. Of course, it has been a disappointment to many stockholders that dividends had been withheld so long, but it should be realized that the company by refraining from paying dividends is steadily increasing its financial strength. At the close of 1924, current assets were 8.9 millions against current liabilities of only 1.5 million, and the company is now entirely free of funded debt or bank loans. Report for 1924 showed $11.47 a share earned on the common stock, but additions to property to the amount of 1.3 million was deducted from the year's earnings, and had this sum been charged to capital account instead, earnings of over $16 a share would have been shown for the common stock. While price of alcohol has declined somewhat, this is not an important consideration for a decline in the price of this commodity is usual at this time of the year. The financial strength and earning power of the company undoubtedly justify dividends, and we believe it likely that favorable action will be taken in the near future.

ALLIED CHEMICAL

Higher Dividends Justified

Please give me your opinion of Allied Chemical common. I have held 100 shares since 1921 and am in position to hold indefinitely. Is there a possibility of the common stock paying a higher dividend? Don't you think earnings for the past two years justify this?—J. D. R., Bronx, N. Y. C.

A glance at the balance sheet of Allied Chemical reveals a financial position so strong that a more liberal dividend policy is apparently fully justified. As of December 31st, 1924, the company had cash and marketable securities on hand totaling 54 million dollars. There is no funded debt or bank loans. Annual reports for the past two years have shown earnings averaging $7.40 a share on the stock. This does not appear a high earning power for an issue that is selling around 85, but as a matter of fact actual earning power of the company is considerably in excess of this figure for the policy of the management has been to make unusually large deductions for depreciation and various reserves. We consider the stock a good long pull holding and advise you to retain it.

MACK TRUCK

Outlook Favorable

What caused the recent break in Mack Trucks? I have been under the impression that last year's advance and the further upward movement during the first part of this year were justified. I hold the common stock, which I bought at 85.—M. K., Elizabeth, N. J.

The recent break in Mack Truck stock is explained by general market conditions rather than any development of an unfavorable nature in the company's affairs. Sales of trucks so far this year have been on a favorable basis and, moreover, the company is now beginning to realize returns on its motor bus and rail car business which was in the development stage last year. That the decline in the stock was due to

(*Please turn to page 1146*)

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers buy and sell their securities through reliable firms.

School for Traders & Investors

Fifty-Fifth Lesson

Earnings as a Measurement of Stock Values

Why This Is an Important Factor in Determining the Probable Trend of a Corporation's Shares

SOME speculators claim that the technical position of a stock is all important so far as their trading operations are concerned. They assert that their commitments are based on the market action of the issue under consideration, and that they care little or nothing about the statistical or fundamental condition of the corporation behind the shares. In other words, such traders are willing to buy a stock whose market action indicates that it is being manipulated for a near-by advance, regardless of almost positive statistical evidence that the corporation is headed for receivership within a few months. The trade may be based on the probability that the estimated advance is a speculative manœuvre engineered by some pool or individual for the purpose of distributing the shares to the unsuspecting public, at as high a price as possible, before the true state of affairs regarding the corporation's unfavorable condition becomes public property.

Similar methods of reasoning would prompt the same trader to assume exactly the opposite attitude towards the shares of what might be one of the strongest corporations on the list. Such shares are sometimes put up rapidly by manipulative operations, and the advance may temporarily overdiscount the corporation's earning ability. It often happens that the mere spectacle of a firm advance in the price of a stock, especially of a company generally believed to be in strong financial and industrial position, will attract sufficient public following to force the price to a level entirely out of line with its intrinsic value. Under these circumstances the professional traders usually take profits. This frequently arrests the advance. Moreover, if much of the stock has passed into weak hands near the top of the rise, i. e., into the accounts of inexperienced speculators on thin margin, the stock may be in weak technical position and vulnerable to any considerable offerings on the part of speculators for a decline. If this situation is apparent, then the professional trader may sell the stock short, regardless of its high intrinsic value, with reasonable expectation of covering at a profit in the decline. Just as the stock's advance may have been carried too far, owing to over-enthusiasm of unsophisticated buyers, so the subsequent reaction is quite likely to be unduly severe on account of hasty re-selling by the very speculators who were such ready buyers a short time before, and owing to the uncovering of numerous stop-loss orders which may have been placed by timid speculators uncertain of their position at prevailing levels.

From the above, it is apparent that any stock which is subject to speculative influences, has a tendency to swing either above or below the price representing its average trend, just as a pendulum which is in motion, swings to right and left of the normal position which it is constantly approaching under the force of gravity. This is why the professional trader is often willing to buy or sell, either a strong or weak issue, regardless of intrinsic value,—on his judgment of its technical position.

However, the average speculator, or investor for profit, is not in a position to be a close observer of the individual technical positions of all the stocks wherein he has an interest, or intends to have an interest. It would be risky for such a speculator to attempt to trade with a view to taking advantage of the short swings. Brokers' records indicate that such speculators soon reduce their credit balances, and discontinue trading. Therefore, the average speculator should not base his commitments on his judgment of technical position alone, but should make use of every other important circumstance that is likely to influence the trend of his favorite stocks.

One of the most important factors in determining the probable price trend of the shares of a corporation is its earning ability. It is not enough to know what the earnings are at a given time. The mere fact that the earnings seem high or low may not be significant. Earnings should be examined from various other angles. For example, it is important to know whether they are stable or irregular and erratic; whether they show a tendency, over a period of months or years, to increase or decline; whether the amount earned per share at current market prices is attractive or unattractive as compared with earnings of shares in other industries, or with prevailing interest rates on money; and whether the earnings compare favorably with those of competitive companies engaged in the same industry.

If the element of stability is apparent from an exami-

(Please turn to page 1152)

Figuring Percent Earned on Market Price

A stock's earnings in terms of percent of market price is a good index of its market attractiveness. Last year, for example, U. S. Steel earned $11.77 per share. Based on the current price of 115, the percent of earnings (1924) on market price would be 10.2%. This is arrived at by dividing the price of the stock—115—into the earnings per share—$11.77. To give another illustration: Sloss Sheffield earned last year $10.47 per share. The current price is about $84. The earnings in percent of market price would therefore be 12.4%. From this viewpoint, Sloss Sheffield would be more attractive than Steel. The higher the earnings in percent of market price, the more attractive, naturally, is the issue. Of course, other factors, such as financial position and business outlook, have to be taken into consideration.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by investment houses of the highest standing. They will be sent free on request, direct from the issuing house. Ask for them by number.

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

THE STORY OF THE STRAUS PLAN
This booklet explains why this large first mortgage real estate bond firm can truthfully say that they have sold these securities for forty-two years without loss to any investor. (217).

THE FORMULA OF SAFETY
The salient feature of this Formula of Safety as developed by an old established Bond and Mortgage House, are here set out for investors who would think before, rather than after, placing their funds. Ask for (327).

SAVE MONEY
without sacrificing of safety of principal is the slogan of a well-known bond house specializing in odd lots. Plans and list of opportunities sent to all interested investors. Ask for (329).

ODD LOTS
A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

A QUESTION ANSWERED
An extremely interesting illustrated booklet explaining how a stock exchange firm handles out of town business. It shows how orders are treated from the time the letter arrives to the final placing of the certificates purchased. (278).

SAFETY FIRST
Protect yourself with the experience of this First Mortgage Real Estate Bond house contained in this interesting booklet. Ask for (341).

USE OF OPTIONS
The exceptional profit possibilities in Stock Option and their uses to supplement margin and for protection against losses in the Stock Market fully explained in a free circular. (284).

HOW TO JUDGE SOUTHERN MORTGAGE BONDS
This free booklet contains the net of this old-established Company's experience in the First Mortgage Investment Field in the South. Ask for (302).

FOUR DISTINGUISHING MARKS
This 8-page booklet, issued by one of the largest first mortgage real estate bond houses, shows you how to "check up" first mortgage real estate bonds. Send for (264).

TRADE TENDENCIES

Spotty Conditions in Business

Production Developing Irregular Tendency—Foreign Competition

STEEL

Orders Drop

THE March decline of 421,207 tons in the U. S. Steel Corporation's unfilled orders is an indication of what can happen when the steel industry employs its capacity in full force. The rebound from slack demand of midsummer last year was sharp and stimulated a period of high activity at steel making centers. It appears, however, that in meeting this situation, manufacturers over-reached themselves. Shipments have exceeded incoming business for several weeks past and operations have had to be restricted to avoid further accumulation of stocks.

The industry is moving to a lower plane of activity without undue shock, but there is rather general complaint with respect to the price situation. With over-production plainly discernible, consumers are aware of their advantage and refuse to buy in large quantities. The tendency of steel and

(*Please turn to page* 1148)

COMMODITIES

(See Footnote for Grades and Unit of Measure)

	1925 High	1925 Low	1925 *Last
Steel (1)	$38.00	$35.50	$35.50
Pig Iron (2)	22.00	20.50	20.50
Copper (3)	0.15¼	0.13½	0.13⅝
Petroleum (4)	3.85	3.00	3.55
Coal (5)	1.90	1.55	1.55
Cotton (6)	0.25⅝	0.23⅞	0.24¼
Wheat (7)	2.16	1.48	1.70
Corn (8)	1.27	1.07¼	1.07¼
Hogs (9)	0.13⅝	0.10⅛	0.13⅛
Steers (10)	0.11½	0.10¾	0.11
Coffee (11)	0.23⅞	0.20¼	0.20¼
Rubber (12)	0.44½	0.35	0.43⅞
Wool (13)	0.70	0.58	0.58
Tobacco (14)	0.24	0.22	0.22
Sugar (15)	0.04⅝	0.04½	0.04½
Sugar (16)	0.07	0.05⅛	0.05⅞
Paper (17)	0.04	0.03⅝	0.03⅝

*April 16.

(1) Open Hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pool No. 11, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, Chicago, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, $ per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky,—per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

THE TREND IN MAJOR INDUSTRIES

STEEL—Demand showing little improvement while business continues to run to small tonnages. Prices lack firmness. Operations apparently stabilizing at the lower levels recently reached.

METALS—Copper has stronger undertone as lead and zinc sag to new low levels. Business in all non-ferrous metals still light. Possibility of small recovery in copper.

OIL—Domestic and export business in gasoline unsettled by weakness in prices. Gulf coast crude oil prices cut. Nervous tone of Pennsylvania crude suggests possibility of coming reduction in this district.

COTTON—Raw cotton lacks definite trend. Market relatively dull. Trade buying affected by slow business in retail channels. Crop still suffering from drought in Southwest.

WHEAT—Erratic movements confuse outlook for wheat market. Crop condition below normal. Comparatively small carry-over indicated for end of current season.

RUBBER—Buyers manifest some resistance to prices, but crude rubber holds around 44 cents a pound. Tire industry active. Manufacturers are likely to revise price schedules upward.

SUGAR—Refiners are well supplied with raws and probably somewhat overstocked with refined sugar. This situation foreshadows a continuation of the present dull, uninteresting market.

TEXTILES—Silk industry active, but other textiles not doing so well. Strong resistance to prices in evidence. Mills moderating output to prevent further over-production.

LEATHER—Hides appear to be stabilizing after recent decline. Demand for leather restricted. Shoe trade quiet owing to conservatism of buyers.

MOTORS—Automobile industry enters second quarter in good shape. Production averaging 90% of capacity. Sales volume generally good. Earnings prospect favorable.

COAL—No improvement in soft coal industry. Production declining more rapidly than at this time last year. Dealers withholding orders in expectation of further price declines.

SUMMARY—Business presents an irregular aspect. Lessened activity at steel and textile mills in sharp contrast with expansion in tire and automobile industries. Commodity prices showing more stability, but money rates are slightly easier. Foreign competition is in evidence in some quarters. Outlook for business suggests continuation of mixed conditions and moderate activity over next few months.

All of these debentures have been sold. This advertisement appears as a matter of record.

New Issue | April 11, 1925

$75,000,000

Dodge Brothers, Inc.

6% Gold Debentures

(With Certain Conversion Privileges)

Dated April 15, 1925 | **Due May 1, 1940**

Interest payable May 1 and November 1, first payment November 1, 1925 (interest from April 15, 1925). Coupon debentures in interchangeable denominations of $1,000 and $500, registerable as to principal. Principal and interest payable in New York at the office of Dillon, Read & Co. Redeemable as a whole or in part by lot on any interest payment date; the redemption price to and including May 1, 1930, being 110% and interest, with successive reductions thereafter of 1% each year. Interest payable without deduction for Federal Normal Income Tax not exceeding 2% per annum. Pennsylvania Four-Mill Tax refundable. The Company agrees to make application in due course for listing these Debentures on the New York Stock Exchange. Central Union Trust Company of New York, Trustee.

The Company agrees to provide from earnings a sinking fund of $1,000,000 per annum, available semi-annually, to buy Debentures if obtainable at not exceeding 100 and interest during the six months succeeding the date of each sinking fund payment, any unexpended amount to revert to the Company.

Frederick J. Haynes, Esq., President of Dodge Brothers, Inc., writes as follows:

BUSINESS

Dodge Brothers, Inc., incorporated under the laws of Maryland will own the business and all of the assets (excepting $14,000,000 cash) of Dodge Brothers, a Michigan Corporation, the third largest manufacturer of automobiles in the world. From 1914, when 249 cars were sold, to March 31, 1925, sales have aggregated 1,286,793 cars for a total sales price (for cars and parts) of $1,105,027,599. In comparison with this sales volume of over one billion dollars, loss from bad debts has amounted to $32,141, sales of cars by the factory being for cash only. Distribution is effected by more than 5,700 sales and service representatives throughout the world, of which 4,778 are in the United States and Canada. Advertising expenditures, in addition to amounts expended directly by dealers, have totaled more than $12,000,000. The policy of Dodge Brothers from the beginning has been to produce a car of superior quality, of stable design, selling for a low price. Records indicate that approximately 90% of all Dodge cars manufactured to date are still in service.

EARNINGS

The business has never had an unprofitable year. Operating results for the six years ended December 31, 1924, as certified by Messrs. Haskins & Sells, have been as follows:

	No. of Cars Sold	Net Sales	Net Earnings before deducting Federal Income Taxes
Year ended Dec. 31, 1919	121,010	$120,970,810	$24,194,352
" " " 31, 1920	145,389	161,002,512	18,601,780
" " " 31, 1921	92,476	83,666,284	2,801,370
" " " 31, 1922	164,037	130,625,774	19,054,098
" " " 31, 1923	179,505	141,332,685	11,590,637
" " " 31, 1924	222,236	191,652,446	19,965,440

Net earnings, before deducting Federal income taxes, for the quarter ended March 31, 1925, amounted to $6,291,544 (not including $844,633 profit from sale of real estate located some miles distant from the plant and not useful in the business). These earnings were 177% of net income for the first quarter of 1924 and exceeded by at least 39% the earnings for the corresponding period of any other year since 1920.

Net earnings of $19,965,440 for the year ended December 31, 1924, as shown above, were more than 4.4 times the maximum annual interest charge of $4,500,000 on these Debentures. The average annual earnings of $16,034,613 for the six-year period shown were more than 3½ times this maximum annual interest charge.

EQUITY

A balance sheet, as of April 1, 1925, prepared by Messrs. Haskins & Sells from the books of Dodge Brothers and adjusted to give effect to acquisition of the business and assets by Dodge Brothers, Inc., and to the latter company's capitalization shows cash and United States Government securities aggregating $24,155,004, total current assets of $52,422,321 against current liabilities of $16,664,993, and net tangible assets of $80,658,682, after deducting all liabilities except these debentures. These debentures will be followed by 850,000 shares Preference Stock, entitled to dividends of $7 per share per annum, 1,500,000 shares Common Stock Class A and 500,000 shares Common Stock Class B, all of no par value. This stock will be issued almost entirely against the established earning power, which is not assigned a value in the balance sheet. The 850,000 shares of Preference Stock, each share carrying as a bonus one share of Common Stock Class A, have been sold at a price which indicates a market equity therein of substantially $85,000,000.

CONVERSION PRIVILEGES

These debentures are convertible, at the holder's option, into Common Stock Class A until a maximum of $30,000,000, principal amount, have been so converted. In conversion the debentures shall be taken at their face value, and the values per share at which the Common Stock Class A shall be taken, shall be as follows: $30 in the case of the first $5,000,000 debentures converted; $35 for the next $5,000,000; $40 for the next $5,000,000; $50 for the next $5,000,000; $60 for the next $5,000,000, and $70 for the next $5,000,000. The Company may provide that prior to delivery of debentures purchasers can elect to exercise their conversion privilege. Shares of Common Stock Class A additional to the 1,500,000 shares shortly to be outstanding have been authorized for this conversion. Accrued interest and dividends will be adjusted. Common Stock Class A and Common Stock Class B are identical in all respects except that holders of Common Stock Class A have no voting power for any purpose and that holders of Common Stock Class B have exclusive voting powers for all purposes.

Earnings for the year ended December 31, 1924, adjusted to the basis of the capitalization to be existing on issue of these debentures, were equivalent to $3.80 per share on the 2,000,000 shares of common stock to be outstanding upon such issue and for the quarter ended March 31, 1925, were at the annual rate of more than $6 per share.

MANAGEMENT

A representative Board of Directors will be elected. No change is contemplated in the present active executive personnel.

We offer these debentures for delivery when, as and if issued and received by us, subject to the approval of legal proceedings by counsel. It is expected that delivery will be made on or about April 20, 1925, in the form of interim receipts of Dillon, Read & Co. Arrangements may be concluded whereby prior to delivery of debentures, holders of interim receipts can elect to exercise their right of conversion into Common Stock Class A, thereupon receiving an interim receipt of Dillon, Read & Co. for such stock when, as and if ready for delivery.

Price 99 and Interest. To Yield Over 6.10%

Further information is contained in our circular which may be had upon request.

Dillon, Read & Co.

The National City Company | **Guaranty Company of New York** | **Blair & Co., Inc.**

Continental and Commercial Trust and Savings Bank

First Trust and Savings Bank, Chicago | **Illinois Merchants Trust Company**

The Union Trust Company, Cleveland

The statements herein have been accepted by us as accurate but are in no event to be construed as representations by us.

WHAT THE NEWS MEANS

(Continued from page 1121)

plate a change in the dividend rate, as $4,000,000 of bank loans must be met before July 1. March sales totaled 14,923 cars against 12,398 for March, 1924.

* * *

Expenses of the Farmer—

—have undergone remarkable changes in the last decade, according to a study made by George L. Campbell, of the Keet & Roundtree Dry Goods Co. of Springfield, Mo. The automobile now takes the biggest bite out of the farmers' dollar, whereas ten years previous, clothing, dry goods, shoes, etc., was the biggest item. To pay for the automobile the farmer now apparently wears less, eats less, spends less for supplies and machinery and saves less than in 1915. Then he spent from ten to fourteen hours a day farming, while now he spends from eight to ten hours at that occupation and the balance of his leisure time in motoring. Yet who would turn the wheels of time back to the motorless days?

Nation's Electric Bill—

—last year was $1,335,100,000, according to the *Electrical World.* The total represents the sale of electric energy by central station power companies. The Atlantic States led the country with 37.8% of the whole. The United States is the greatest user of electric power in the world not only totally, but proportionately. Although we spend vast sums for items such as the automobile, radio, etc., and although our average wage scale is twice that of Great Britain's we seem to be able to hold our own in competition with the rest of the world. Perhaps there is a moral to be drawn.

* * *

Westinghouse's Acceptance Corp.—

—is in principle like that of the automobile acceptance corporations. It seeks to assist buyers to finance time payments of their purchases of Westinghouse products, and will function importantly in connection with the distribution of radio receiving sets and apparatus. The well managed automobile acceptance corporations have been an important factor in stimulating the demand for motor cars. There seems to be no reason why a corresponding increase in demand for electric products should not be developed by the Westinghouse innovation.

* * *

Steel Production—

—is now definitely on the decline. The Pittsburgh district is operating on an approximately 85% basis, the Youngstown district on 80% and the Chicago district at 85% or better, as compared with a general average of about 90% a few weeks ago. Best opinion in the trade is that production will decrease sharply in the next few months, perhaps through July, and then will turn upwards again.

* * *

Vast Corporations—

—are the logical development of the next decade. The Van Sweringen merger, sale of Dodge Bros. and the Standard of Indiana-Pan American Petroleum merger indicate the course of events. We are living in an age of super-finance, and are likely to see the billion dollar corporation become a common event before many years.

(Please turn to page 1159)

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

Proposed Changes

(Continued from page 1121)

MAXWELL MOTOR CORP.

To recapitalize: under the new name, "CHRYSLER CORPORATION." Holders of Maxwell "A," 8% non-cum., profit sharing Pfd. will receive 1 share of Chrysler $8 cum. Pfd. & 1/10 share Chrysler non-par Com. Holders of Maxwell "B" will receive Chrysler Com. on share for share basis.. Arrangements have been made to retire an amount of Maxwell "B," equivalent to the number of shares of new Com. which will be issued as a bonus to Maxwell "A" holders; so that the change will not affect the total number of shares outstanding.

MISSOURI PACIFIC R. R. CO.

Until June 1—Offers to exchange: $120 face amount of its s. f., col. tr. g. Notes, due June 1, 1939, for each of the remaining 36,833 outstanding shares of Capital Stock of NEW ORLEANS, TEXAS & MEXICO RY. CO. not already acquired. (Said stock now pays 7% Divs., whereas $8.40 in interest would be received under the exchange).

MURRAY BODY CORP.

To pay: to Com. Stockholders a 1½% Div. in Com. Stock on each of the following dates—July 1 & Oct. 1, 1925, and Jan. 2, 1926.

NEW YORK CENTRAL R. R. CO.

May 1—Conversion privilege: of deb. 6s, '35 will expire. (Up to Apr. 1 all but about $17,500,000 of this $100,000,000 issue had been converted.)

NIAGARA, LOCKPORT & ONTARIO POWER CO.

To merge: its Livingston, Cambria, Bryant and West New York subsidiaries; and redeem $4,344,000 outstanding bonds, in addition to the folowing:
May 1—To redeem: at 110, 1st mtg. ss 54, entire issue....$2,693,000
June 1—To redeem: at 101, cv. 6% g. Notes, due June 1, 1926, all $2,163,300
(Company has waived limitation as to amount of said notes that may be converted prior to June 1.)

PACIFIC GAS & ELECTRIC CO.

To sell: gen. & refunding 5s..........................$14,399,000

PAN AMERICAN PETROLEUM & TRANSPORT CO.

Stockholders to be offered right to subscribe to stock of the PAN AMERICAN WESTERN PETROLEUM CORP. (Latter Corp. to be organized to take over the California interests of the former Co.)

PENNY (J. C.) UTAH CORP.

Prior to July 1—Stockholders must exchange their stock, share for share, for that of new Delaware Co.

PITTSBURGH UTILITIES CORP.

May 1—To issue: additional 7% cum. Pfd. $2,000,000
To redeem: col. tr., 20-Yr., s. f., 5s—Pittsburgh issue of UNITED RAILWAYS INVESTMENT CO. $2,000,000

POSTUM CEREAL CO., INC.

May 1— To redeem: at 117, 8% cum. Pfd., entire issue..$6,500,000

PUBLIC SERVICE CORP. OF N. J.

Until May 1—Stockholders who subscribed, prior to May 2, 1924, to new Com., at $44, have right to subscribe at the same price, to 1 additional share of new Com. for each share then subscribed for.

READING CO.

To sell: 4½% eq. tr. ctfs. $8,000,000
Until Dec. 31—Com. and 1st & 2d Pfd. holders of record Dec. 17, 1923, have right to purchase, at $4, 1 share of non-par value stock of PHILADELPHIA & READING COAL & IRON CORP. for each 2 shs. of Reading held.......................shs. 1,400,000

ST. LOUIS-SAN FRANCISCO RY. CO.

Until Oct. 1—Offers to redeem: at par, all of its 1st mtg., Southwestern division, g. 5s, '47..............................$379,000

SOUTHERN PACIFIC CO.

To acquire: the SAN ANTONIO & ARANSAS PASS R. P. (which has $1,000,000 Com. outstanding); also the TEXAS-MEXICAN RY. (a 162-mile subsidiary of the NATIONAL RAILWAYS OF MEXICO).

STERN BROS.

To recapitalize: New stock will consist of non-par, $4 cum. and profit-sharing, Class "A" (200,000 shs. to be authorized—180,000 shs. to be outstanding); and non-par Com. (220,000 shs. to be authorized—200,000 shs. to be outstanding.)

TRANSCONTINENTAL OIL CO.

June 1—To redeem: at 103, entire issue of NATIONAL STEEL CAR LINES eq. tr. ctfs., Ser. "B," 6s..................$1,000,000

UNITED DRUG CO.

Prior to July 6—To issue: additional Com. $1,000,000

WEBER & HEILBRONER CO.

Apr. 30—To pay: to Com. holders of rec. Apr. 15, a 2% Div. in Com. ....shs. 1,503

WESTERN PACIFIC R. R. CO.

Until noon, Apr. 24—Invites bids: for additional 1st mtg. 5s, '46, in one block $4,000,000
(WESTERN PACIFIC R. R. CORP. has agreed to bid 90).

WESTERN PACIFIC R. R. CORP.

To pay: 33 1/3% stock Div.—1 sh. Com. & 1 sh. Pfd. to each 6 shs. of Com. and/or Pfd. held.
This will add to outstanding Com.......................$12,500,000
and will add to outstanding Pfd. $12,500,000
(The $5 cash Div. on Com., and $1.558 back Divs. on Pfd., recently declared, will be paid on old stock only.)

WILSON & CO.

Reorganization: The plan unanimously approved Apr. 1 by the four Committees representing the bank debt, convertible bonds, and Pfd. & Com. stocks, is expected to go into effect June 3. Holders of obligations and stocks, who have not already deposited same, must do so prior to June 3. Holders of ctfs. of deposit for cv. bonds and Pfd. stock may withdraw from said agreement prior to May 7. Holders of ctfs. of dep. for Com. stock may withdraw prior to Apr. 28.

New Issue — All of this stock has been sold. This advertisement appears as a matter of record. — April 9, 1925

850,000 Shares

Dodge Brothers, Inc.

Preference Stock (No Par Value)

Cumulative dividends $7 per share per annum

Dividends payable quarterly, January 15, April 15, July 15 and October 15. Entitled to $105 per share and accrued dividends in case of liquidation. Redeemable as a whole or in part on any dividend date upon 60 days' notice at $105 per share and accrued dividend. The National City Bank of New York, Transfer Agent; Guaranty Trust Company of New York, Registrar. Dividends free of the present Federal Normal Income Tax.

Each share of Preference Stock will carry as a bonus one share of Common Stock Class A—both deliverable as provided in Preference Stock Allotment Certificates

CAPITALIZATION

6% Sinking Fund Gold Debentures, Due May 1, 1940 (with conversion privileges)	$75,000,000
Preference Stock ($7 per annum cumulative dividend)	850,000 shares
Common Stock Class A (No Par Value)	1,500,000 shares*
Common Stock Class B (No Par Value)	500,000 shares

Common Stock Class A and Common Stock Class B are identical in all respects except that holders of Common Stock Class A have no voting power for any purpose and that holders of Common Stock Class B have exclusive voting powers for all purposes.

*1,035,000 additional shares authorized for conversion of 6% Sinking Fund Gold Debentures.

Frederick J. Haynes, Esq., President of Dodge Brothers, Inc., writes as follows:

BUSINESS

Dodge Brothers, Inc., has been incorporated under the laws of Maryland to own the business and all of the assets (excepting $14.000.000 cash) of Dodge Brothers, a Michigan Corporation, the third largest manufacturer of automobiles in the world. From 1914, when 249 cars were sold, to March 31, 1925, sales have aggregated 1,286,793 cars for a total amount (for cars and parts) of $1,105,027,590. In comparison with this sales volume, loss from bad debts has amounted to $32,141, sales of cars by the factory being for cash only. Distribution is effected by more than 5,700 sales and service representatives throughout the world, of which 4,778 are in the United States and Canada. Advertising expenditures, in addition to amounts expended directly by dealers, have totaled more than $12,000,000. The policy of Dodge Brothers from the beginning has been to produce a car of superior quality, of stable design, for a low price. Records indicate that approximately 90% of all cars manufactured to date are still in service.

EARNINGS

The business has never had an unprofitable year. Operating results for the six years ended December 31, 1924, as certified by Messrs. Haskins & Sells, have been as follows:

	No. of Cars Sold	Net Sales	Net Earnings before deducting Federal Income Taxes
Year ended Dec. 31, 1919	121,010	$120,970,810	$24,194,352
" " " 31, 1920	145,389	161,002,512	18,601,780
" " " 31, 1921	92,476	83,666,284	2,801,370
" " " 31, 1922	164,037	130,625,774	19,051,098
" " " 31, 1923	179,505	141,332,635	11,590,637
" " " 31, 1924	222,236	191,652,446	19,965,440

Net earnings, before deducting federal income taxes, for the quarter ended March 31, 1925, amounted to $6,291,544 (not including $644,633 profit from sale of idle real estate). These earnings were 177% of net income for the first quarter of 1924 and exceeded by approximately 40% the earnings of the corresponding period of any other year since 1920.

Net earnings for the year ended December 31, 1924, as shown above, and after making allowance for interest on $75,000,000 6% Sinking Fund Gold Debentures shortly to be outstanding and federal income taxes at present rates, were $13,582,720, or more than 2¼ times the annual dividend requirements of $5,950,000 on this Preference stock.

Earnings for the year ended December 31, 1924, adjusted to the basis of the capitalization to be existing on issue of this stock, were equivalent to $3.80 per share of total common stock to be then outstanding and for the quarter ended March 31, 1925, were at the annual rate of more than $6.00 per share.

ASSETS

The capital stock of the company (no par value) will be issued almost entirely against the established earning power, which is not assigned a value in the balance sheet. A balance sheet prepared from the books of Dodge Brothers as of April 1, 1925, and adjusted to give effect to this purchase and capitalization, shows cash and United States securities aggregating $24,155,004, and total current assets of $52,422,321 against current liabilities of $16,664,993.

MANAGEMENT

A representative board of directors will be elected. No change is contemplated in the present active executive personnel.

PREFERENCE STOCK ALLOTMENT CERTIFICATES

Delivery in the form of Interim Receipts of Dillon, Read & Co., will be made on or about April 16, 1925. These Interim Receipts will be exchangeable for Preference Stock Allotment Certificates of the company, when and if issued and received. Such Allotment Certificates will provide for payment to the holders of dividends upon the stock called for thereby, and delivery on or after May 1, 1926, but not earlier except at the option of the company, of certificates for the Preference Stock and for an equal number of shares of Common Stock Class A, called for by the Allotment Certificates. The company agrees to make application in due course for listing on the New York Stock Exchange the Preference Stock Allotment Certificates, the Preference Stock and the Common Stock Class A.

We offer this stock in the form of Preference Stock Allotment Certificates for delivery when, as and if issued and received by us, subject to the approval of legal proceedings by our counsel.

Price $100 Per Share

Further information is contained in our circular which may be had upon request.

Dillon, Read & Co.

The National City Company — **Blair & Co., Inc.** — **White, Weld & Co.**
Lehman Brothers — **Brown Brothers & Co.** — **J. & W. Seligman & Co.**
Marshall Field, Glore, Ward & Co. — **Dominick & Dominick** — **Bonbright & Company, Inc.**
Kissel, Kinnicutt & Co. — **A. Iselin & Co.** — **A. G. Becker & Co.**
Cassatt & Co. — **Janney & Co.** — **Edward B. Smith & Co.**
W. A. Harriman & Co., Inc. — **Hemphill, Noyes & Co.** — **Ladenburg, Thalmann & Co.**
Paine, Webber & Co. — **J. G. White & Co., Inc.** — **Bernhard, Schiffer & Co.**
Clark Williams & Co. — **Anglo London Paris Co.** — **Scholle Bros.**

The statements herein have been accepted by us as accurate but are in no event to be construed as representations by us.

New York Stock Exchange

RAILS

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1924 High	Low	1925 High	Low	Last Sale Apr. 15	Div'd $ per Share
Atchison	125¾	90⅛	111¼	75	120⅜	91¾	127⅞	116¼	121	7
Do. Pfd.	106⅜	96	102⅛	75	96⅝	73	95½	92½	†95½	5
Atlantic Coast Line	148½	102½	126	79⅞	152¼	77	166	147¼	155	7
Baltimore & Ohio	122¼	90⅝	96	88¼	84⅞	27⅝	84¼	71	76½	5
Do. Pfd.	96	77⅛	80	48¼	66½	38½	66⅛	63	64	4
Bklyn-Man. Transit	..	..	..	..	41⅞	9¼	45	35½	41	..
Do. Pfd.	..	..	..	..	75¾	31⅜	81⅜	72⅞	†76½	6
Canadian Pacific	283	165	220⅛	126	170⅞	101	152⅜	136½	143	10
Chesapeake & Ohio	92	51⅛	71	35⅝	98¼	46	98⅜	89¼	91½	4
Do. Pfd.	..	..	..	..	109½	96	109	105¼	105⅜	6½
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	10⅞	16⅝	5	5	..
Do. Pfd.	181	130⅛	143	62½	76	18¼	28½	8⅝	9½	..
Chic. & Northwestern	198⅛	123	136⅞	85	105	45⅝	75⅝	47½	49⅜	4
Chicago, R. I. & Pacific	..	..	45⅜	16	50	19⅛	54¼	40⅛	43⅜	..
Do. 7% Pfd.	..	..	94⅜	44	105	64	99¼	92	†94	7
Do. 6% Pfd.	..	..	80	35⅝	93¾	54	89½	82	85⅜	6
Delaware & Hudson	200	147¼	159⅛	87	141½	83¼	155	133¼	146¼	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	144⅝	125	130	‡6
Erie	61¼	33½	59½	18⅜	35⅜	7	34	27½	29½	..
Do. 1st Pfd.	49⅜	26¼	54⅜	15⅛	49¼	11⅛	46⅞	35⅝	38	..
Do. 2nd Pfd.	39⅛	19⅛	45⅝	13⅛	46¼	7⅛	43¾	35¼	36¾	..
Great Northern Pfd.	157⅞	115⅛	134¾	79¼	100⅝	50⅝	71⅜	60⅜	62½	5
Hudson & Manhattan	..	..	..	..	29¼	20⅝	30⅜	21¾	29	2½
Illinois Central	162½	102⅜	115	85⅜	117⅞	80⅞	119⅝	111	114	7
Interboro Rap. Transit	..	..	..	..	39¼	9½	34½	13½	17⅞	..
Kansas City Southern	50¼	21⅜	35⅛	13⅛	41⅜	13	40½	28⅝	34⅜	..
Do. Pfd.	75½	56	65½	40	59½	40	59⅜	57	†57	4
Lehigh Valley	121¼	62½	87⅛	50⅜	85	39½	82⅜	69	79	3½
Louisville & Nashville	170	121	141⅞	103	155	84⅞	117¼	106	109⅜	6
Mo. Kansas & Texas	*51½	*17½	*24	*3⅛	34⅜	*¾	40¼	28¼	34¼	..
Do. Pfd.	*78¼	*46	*60	*6⅛	75⅜	*2	87⅜	74⅜	78⅜	5
Missouri Pacific	*77½	*21⅛	38¼	19⅞	38⅞	8¼	41	30⅝	35⅝	..
Do. Pfd.	..	..	64⅞	37½	74	22¼	83¼	71	78¼	..
N. Y. Central	147¾	90⅜	114¼	62½	119¾	64¼	124¾	113⅞	116¼	7
N. Y., Chi. & St. Louis	109¾	90	90⅜	55	128	23¾	137⅛	120	123	6
N. Y., N. H. & Hartford	174¾	65⅝	89	21⅛	40⅞	9⅝	36⅜	28	31½	..
N. Y., Ontario & W.	55⅜	25⅛	35	17	30⅛	14¼	27⅛	20⅝	22¼	1
Norfolk & Western	119¼	84¼	147⅛	92⅝	133¼	84¼	134⅝	123½	128½	7
Northern Pacific	159½	101⅜	118⅞	75	99⅞	47⅞	71⅜	59⅝	61	5
Pennsylvania	75⅝	53	61½	40¼	50	32¼	48⅞	42½	44⅜	3
Pere Marquette	*36½	*15	38⅛	9½	73	12⅛	72	62¾	66	4
Pittsburgh & W. Va.	..	..	40⅜	17⅜	94	21½	73⅞	63	69	..
Reading	89⅝	59	115⅛	60⅛	108	51⅞	82¼	69¾	74⅜	4
Do. 1st Pfd.	46⅜	41¼	46	34	61	32⅞	39¾	35⅞	37	2
Do. 2nd Pfd.	58⅜	42	52	33⅜	65½	33⅛	44	36¼	38⅝	2
St. Louis-San Fran.	*74	*13	50⅛	21	65	10⅜	73⅞	57½	67	5
St. Louis Southwestern	40⅜	18½	32¼	11	55⅞	10⅞	53¾	44½	47	..
Seaboard Air Line	27½	13¼	22⅜	7	24½	2⅛	25⅝	20¼	23½	..
Do. Pfd.	56½	23½	58	15⅛	45½	3	43⅞	35	39	..
Southern Pacific	139⅛	83	110	75⅝	118⅛	67½	108⅝	98⅝	102⅝	6
Southern Railway	34	18	36⅜	12⅛	79⅜	24⅜	92	77⅝	86¼	5
Do. Pfd.	86⅞	43	85¼	42	85	42	92¾	83	85	5
Texas & Pacific	40½	10¼	29½	6⅛	70½	14	58¾	43¼	51⅝	..
Union Pacific	219	137¾	164⅝	101¼	154⅝	110	153¼	135⅜	140⅜	10
Do. Pfd.	118½	79⅜	86	69	80	61¼	76	73⅜	74½	4
Wabash	*27⅞	*2	17⅛	7	24⅜	6	26½	19½	21⅜	..
Do. Pfd. A	*61⅜	*6⅛	60¼	30⅞	60⅜	17	67	55⅝	64	5
Do. Pfd. B	..	..	32⅞	18	42⅜	12¼	46	38½	41⅜	..
Western Maryland	*56	*40	23	9¼	17¼	8	17⅜	11	12⅜	..
Do. 2nd Pfd.	*88¼	*53½	*58	20	30½	11	26¼	16	17½	..
Western Pacific	..	..	25¼	11	40	12	55	32¼	37	..
Do. Pfd.	..	..	64	35	86½	51⅛	100	84½	88⅛	6
Wheeling & Lake Erie	*12⅞	*2½	27⅜	8	18¼	6	16⅛	10⅜	13¼	..
Do. Pfd.	..	..	50⅝	16⅝	32½	9¼	31⅝	22	24	..

INDUSTRIALS

	1909-1913 High	Low	1914-1918 High	Low	1919-1924 High	Low	1925 High	Low	Last Sale Apr. 15	Div'd $ per Share
Adams Express	270	90	154½	42	93½	22	103¼	91	92½	6
Ajax Rubber	..	..	89½	45⅛	113	4⅛	14	10	12⅝	..
Allied Chem. & Dye	..	..	..	..	91⅜	34	93¼	80	86	4
Do. Pfd.	..	..	..	..	118⅝	83	120	117	†118	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	73⅝	26⅛	86⅝	71½	80⅝	6
Do. Pfd.	43	40	92	32½	104⅞	67½	107	103¼	†105	7
Am. Agric. Chem.	63⅝	33½	106	47⅜	113¾	7⅛	21⅞	13⅛	19⅛	..
Do. Pfd.	105	90	103½	89⅛	103	18⅜	55⅝	36½	45⅝	..
Am. Beet Sugar	77	19⅜	108½	19	103¾	24½	43	36⅝	41½	4
Am. Bosch Magneto	..	..	..	..	143⅞	22¼	54½	26⅛	31⅜	..
Am. Can	47⅝	6⅞	68½	19¼	163½	21⅜	185½	158⅝	172⅞	‡5
Do. Pfd.	129¼	98	114½	80	119	72	119¾	115	118⅜	7
Am. Car & Foundry	76½	36½	98	40	201	153½	232¼	192	200	12
Do. Pfd.	124¾	107½	119¼	100	126½	105¾	125½	121½	†122½	7
Am. Express	300	94⅜	140½	77½	175	76	166	135	143	6
Am. Hide & Leather	10	3	22¼	2½	43⅛	5	14	8½	†9⅜	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅜	29¾	75⅞	59	65⅞	..
Am. Ice	..	..	49	8⅞	122	37	93½	83	†90½	7
Am. International	..	..	62⅜	12	132¼	17	41	32½	34⅜	..
Am. Linseed Pfd.	47⅜	20	92	24	113	4¼	69	53	66½	7
Am. Locomotive	74⅜	19	98¼	46⅝	136⅜	58	144⅞	104½	123½	‡8
Do. Pfd.	122	75	109	93	122¼	96½	124	118½	†120	7
Am. Metal	..	..	..	..	55⅞	38⅜	53⅜	43¾	46⅛	3
Am. Radiator	*500	*200	*445	*235	*345	64	105	89⅞	96	4
Am. Safety Razor	..	..	..	..	40⅝	*3¼	59¼	36⅞	56¼	3
Am. Ship & Commerce	..	..	..	..	47½	4⅜	14½	10½	11¼	..
Am. Smelt. & Ref.	105½	56⅝	123⅜	50¼	100⅜	29¼	106⅝	90⅝	95¼	6
Do. Pfd.	116⅜	98¼	118⅛	97	109⅝	63¼	110⅝	105½	108¼	7
Am. Steel Foundries	74½	24⅛	95	44	50	18	54⅞	46	50	3
Do. Pfd.	..	..	..	..	109¼	78	110⅜	108	†110¼	7
Am. Sugar Refining	136⅜	99⅞	126⅛	89⅛	148⅜	36	71¼	47⅞	68⅝	..
Do. Pfd.	133½	110	123½	106	119	67½	101¼	91	99	7
Am. Sumatra Tobacco	..	..	145⅜	15	120⅛	6⅜	24½	10¼	14⅛	..
Do. Pfd.	..	..	103	75	105	23½	56	36½	†45	..
Am. Tel. & Tel.	153⅜	101	134⅛	90⅝	134⅜	92⅛	136⅜	130⅜	135	9

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1924 High	Post-War Period 1919-1924 Low	1925 High	1925 Low	Last Sale Apr. 15	Div'd $ per Share
Am. Tobacco	*530	*200	*256	*123	*314½	82⅛	91⅛	85	89⅞	7
Do. Com. B	..	..	..	..	*210	81¼	89⅞	84½	89⅝	7
Am. Water Wks. & Elec.	..	..	..	..	*144	*4	49	34⅜	45⅞	30
Am. Woolen	40⅝	15	60⅞	12	169½	51¼	84¾	35⅝	41⅝	..
Do. Pfd.	107¾	74	102	72½	111⅞	88½	96⅛	77	81½	7
Anaconda Copper	54⅝	27½	105⅝	24¼	77⅞	28½	48	35¾	39	3
Associated Dry Goods	..	..	28	10	140½	48	193	128	185½	5
Do. 1st Pfd.	..	..	75	50½	94	49⅞	99	94	†95	6
Do. 2nd Pfd.	..	..	49½	35	102⅝	38	108	101	105	7
Associated Oil	..	..	*78¾	*52½	*142	24⅞	39½	33	33	1½
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	41	20	36⅝	..
Do. Pfd.	32	10	74¾	9⅞	76½	6⅜	47⅞	31	40⅞	..
Atlantic Refining	..	..	..	..	*1575	78½	117½	95½	104	..
Austin Nichols	..	..	..	..	40⅝	8	32½	23½	25	..
Do. Pfd.	..	..	..	..	91	50⅝	92⅛	87⅞	†88	7
Baldwin Locomotive	60¾	36½	154½	26⅝	156¼	62¼	146	107	114⅝	7
Do. Pfd.	107½	100¼	114	90	118	92	116⅝	109½	110	7
Bethlehem Steel	*51⅝	*18¾	155½	59¾	112	37¾	53⅛	38¾	43	..
Do. 7% Pfd.	80	47	186	68	108	87	102	94¾	94¾	7
Do. 8% Pfd.	..	..	110½	92½	116⅝	90	116⅛	109	111	8
Brooklyn Edison Electric	134	123	131	87	124⅝	82	133	120⅝	129½	8
Brooklyn Union Gas	164½	118	138¾	78	128	41	84	75½	82⅝	4
Burns Brothers	45	41	161½	50	147	76	103⅜	92½	100	10
Do. B	..	..	..	..	53	19⅝	23½	17	20⅜	2
Butte & Superior	..	..	105¼	12¼	37⅞	8	24¼	14	14½	.50
California Packing	..	..	50	30	106½	48⅛	110	100½	104	6
California Petroleum	72½	16	42⅝	8	71⅞	15⅜	32⅞	23⅞	29¼	1.75
Do. Pfd.	95½	45	81	29½	110½	63	116⅛	100	113	7
Central Leather	51¾	16⅛	123	25⅞	116½	9⅝	21⅜	14¾	17⅛	..
Do. Pfd.	111	80	117⅛	94⅝	114	28⅛	66	49⅛	56⅛	..
Cerro de Pasco Copper	..	..	55	25	67½	23	55⅛	43⅛	46⅛	4
Chandler Motor	..	..	109⅞	56	141¼	26⅞	37⅝	28⅛	36⅛	3
Chile Copper	..	..	39⅛	11⅛	38⅝	7⅛	37⅞	30⅛	32⅝	2½
Chino Copper	50¾	6	74	31⅜	50⅞	14	28⅜	20	21	..
Coca Cola	..	..	..	..	83⅜	18	99⅜	80	97⅝	7
Colorado Fuel & Iron	53	22½	66⅛	20⅛	56	20	48¼	32½	34	..
Columbia Gas & Elec.	..	..	54⅛	14⅛	114⅞	30¼	59	45⅜	56⅝	2.60
Congoleum-Nairn	..	..	..	..	*184⅝	32⅜	43⅛	28⅛	30⅛	3
Consolidated Cigar	..	..	..	..	80	11⅜	32⅜	26⅛	28½	..
Consolidated Gas	*165¼	*114½	*150⅛	*112½	*145⅜	56¾	78⅞	74⅛	77½	5
Continental Can	..	..	*127	*37½	*131¾	*34⅜	70½	60½	63½	4
Corn Products Refining	26½	7⅜	50½	7	160½	31½	41⅝	37½	39⅝	2
Do. Pfd.	98½	61	113½	58⅛	123¾	96	79¾	64½	68⅝	4
Crucible Steel	19⅝	6½	109⅞	12¼	278½	48	79¾	64½	68⅝	4
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	5⅝	14⅝	12¼	13	..
Do. Pfd.	..	..	100⅛	77¼	87⅞	13⅛	62⅝	56⅛	57⅛	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	33⅛	29	29½	3
Cuyamel Fruit	..	..	..	..	74½	45⅛	58	50	55½	4
Davison Chemical	..	..	..	..	81¼	20⅜	49⅜	30⅜	34½	..
Dupont de Nemours	..	..	..	..	169¾	105	154	134½	145	10
Eastman Kodak	*No	Sales	*605	*605	*690	70	118	108⅛	109⅜	5
Electric Storage Battery	*64¼	*42	*78	*42¼	*153	37	75⅝	60⅜	63⅜	4
Endicott-Johnson	..	..	..	..	150	44	72	63⅜	65½	5
Do. Pfd.	..	..	..	..	119	84	116⅜	112½	112⅝	7
Famous Players-Lasky	..	..	..	..	123	40	103⅛	90¼	96⅞	8
Do. Pfd.	..	..	..	..	108½	66	110	103⅞	106	8
Fisher Body	..	..	43	25	240	75	68⅝	60¼	64⅝	5
Fisk Rubber	..	..	..	..	55	5⅛	13⅝	10½	12⅝	..
Do. 1st Pfd.	..	..	..	..	86	38⅛	85½	75½	82½	1
Fleischmann Co.	..	..	..	..	90¼	37⅞	86½	75	78¼	4
Foundation Co.	..	..	..	..	94⅝	58½	111½	89½	109⅞	8
Freeport-Texas	..	..	70½	25¾	64⅜	7⅛	12¼	8	10⅞	..
General Asphalt	42⅞	15⅛	39⅝	14¼	160	23	63⅜	42½	49½	..
General Cigar	..	..	..	..	98⅝	47	101⅜	92	93	8
General Electric	188½	129⅝	187¼	118	322	109½	320	227¼	272¼	8
General Motors	*51¾	*25	*850	*74½	66⅞	*8⅛	79	64⅝	72⅞	6
Do. 7% Pfd.	..	..	..	..	103½	95⅛	108⅞	102	105	7
General Petroleum	..	..	..	..	45	38⅜	57½	42	51	2
Goodrich (B. F.) Co.	86½	15½	80¼	19⅝	93⅜	17	55½	36¾	51⅝	..
Do. Pfd.	109¾	73⅜	116¾	79⅞	109½	62½	98	92	†96	7
Goodyear T. & R. Pfd.	..	..	..	..	90⅝	35	101¼	86½	95⅜	7
Do. prior Pfd.	..	..	..	..	108½	88	107¼	103¼	†104	8
Granby Consolidated	78¼	26	120	58	80	12	21¼	13	†14½	..
Great Northern Ore Ctfs.	88½	25½	50⅝	22½	52¾	24⅞	40½	27½	28¾	2
Gulf States Steel	..	..	137	58¾	104⅝	25	94⅞	67½	71¼	5
Hayes Wheel	..	..	..	..	52⅞	31	43¼	30	34	3
Houston Oil	25½	8¼	86	10	116½	40½	85	60⅝	62⅜	..
Hudson Motor Car	..	..	..	..	36	19½	54½	33¾	53⅞	3
Hupp Motor Car	..	..	11¾	2½	29½	4⅝	19¼	14¼	17¼	1
Inland Steel	..	..	..	..	48¾	31½	50	40⅜	†40½	2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	22½	32¾	22⅝	23½	..
Inter. Business Mach.	..	..	52⅝	24	118⅞	28¾	125	110	119½	8
Inter. Combustion Eng.	..	..	..	..	39	19⅝	44	31¾	37½	2
Inter. Harvester	..	..	121	104	149⅝	66¾	110⅞	96⅛	104¼	5
Inter. Merctl. Marine	9	2⅛	50⅝	⅝	67¾	4⅞	14⅞	10⅜	11	..
Do. Pfd.	27⅝	12½	125⅝	8	128½	18½	52¾	39⅛	41⅝	..
Inter. Nickel	*227¼	*135	57½	24½	33⅞	10⅜	29⅝	24	28¾	..
Inter. Paper	19¾	6⅛	75½	9½	91¾	27¼	62	48¼	55⅛	..
Kelly-Springfield Tire	..	..	85¼	36⅞	164	9⅜	17¾	12¼	17	..
Do. 8% Pfd.	..	..	101	72	110¼	33	51	41	50⅛	..
Kennecott Copper	..	..	64¼	25	57¾	14⅝	57⅜	46½	48⅜	3
Kinney (G. R.) Co.	..	..	..	..	86¼	35½	87	74	77⅜	4
Lima Locomotive	..	..	..	..	74⅞	52	74⅝	61¼	64⅝	4
Loew's, Inc.	..	..	..	..	38⅝	10	28⅞	22	27⅞	2
Loft, Inc.	..	..	..	..	28	5½	9⅛	6	8⅜	..
Lorillard (P.) Co.	*215½	*150	*239⅞	*144½	*245	33⅜	36¼	30¼	34½	3
Mack Trucks	..	..	..	..	170	25½	148¾	117	145½	6
Magma Copper	..	..	..	..	45⅝	26½	44¼	34	39	..
Mallinson & Co.	..	..	..	..	45	8	37½	21⅝	27⅜	..
Maracaibo Oil Explor.	..	..	..	..	37½	16	35½	25¼	26¼	..
Marland Oil	..	..	..	..	59⅝	12⅛	46¼	32⅝	36⅛	..
Maxwell Motors, Class A.	..	..	..	..	84½	36	104	74⅝	103½	..
Do. Class B.	..	..	..	..	39⅝	8	73¾	33¼	73⅝	..

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New York Stock Exchange
Price Range of Active Stocks
INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1924 High	Low	1925 High	Low	Last Sale Apr. 15	Div'd $ per Share
May Department Stores	*88	*65	*97½	*35	*174¾	*60	111⅞	101	104½	5
Mexican Seaboard Oil	..	..	..	..	34½	5¾	22⅛	11⅛	17⅜	..
Miami Copper	30¼	12⅜	48¾	16½	32¾	14⅛	24¾	9⅞	10¾	1
Montgomery Ward	..	..	..	..	48½	12	55⅝	41	47⅞	..
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	75	65½	66¾	3
National Dairy Prod.	..	..	..	..	44⅛	30⅛	48½	42	47⅝	3
National Enam. & Stamp.	30¼	9	54⅛	9	89½	18⅛	36⅞	30⅛	30⅜	..
National Lead	91	42⅛	74⅝	44	169¼	63½	166⅞	140½	146	8
N. Y. Air Brake	98	45	136	55⅞	145¾	26⅝	56½	43½	45½	4
Do. Class A	..	..	..	..	57	45⅛	57½	51	†53	4
N. Y. Dock	40¼	8	27	9¼	70¾	15¼	31⅛	18	26	..
North American	*87⅞	*60	*81	*38⅞	*119½	17½	49	41⅛	45½	3.40
Do. Pfd.	..	..	..	..	50¼	31⅞	49	46⅝	†48	3
Pacific Oil	..	..	..	..	69⅝	27½	65¼	52¼	56	2
Packard Motor Car	..	..	..	..	21	9⅞	23⅜	15	22	1.20
Pan.-Am. Pet. & Trans.	..	..	70¾	35	140¼	38⅛	83⅞	64	74¾	6
Do. Class B	..	..	..	..	111¾	34⅛	84½	63⅜	74⅞	6
Philadelphia Co.	59¼	37	48⅞	21⅛	57⅛	26½	57½	51½	52⅜	4
Phila. & Reading C. & I.	..	..	..	..	54¼	34½	52½	38½	41	..
Phillips Petroleum	..	..	..	..	69⅝	16	46⅝	36¼	39	2
Pierce-Arrow	..	..	65	25	99	6⅛	15	10⅞	14	..
Do. Pfd.	..	..	109	88	111	13⅛	51¾	43	49⅝	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	45	54½	44	45	..
Postum Cereal	..	..	..	..	134	47	114½	93¼	114	4
Pressed Steel Car	56	18½	88¼	17¼	113¾	39	69	52½	55	..
Do. Pfd.	112	88½	109⅛	69	106	67	92½	83	†82	7
Pub. Serv. N. J.	..	..	..	..	70	39	72¾	62⅝	67½	5
Pullman Company	200	149	177	106½	151⅜	87¾	151¾	129	132½	8
Punta Alegre Sugar	..	..	51	29	120	24¾	47¼	39⅛	44¾	5
Pure Oil	..	..	143⅞	31⅞	61⅞	16¼	33¾	25½	26½	1½
Radio Corp. of Am.	..	..	..	..	66⅞	25⅞	77⅞	48⅜	57⅜	..
Railway Steel Spring	54½	22¼	78½	19	137½	67	141¾	122½	126¼	8
Do. Pfd.	113¾	90¼	105½	75	121½	92¼	120	114¼	†114½	7
Ray Consol. Copper	27½	7⅛	37	15	27½	9⅞	17⅜	12½	12¾	..
Replogle Steel	..	..	..	..	93½	7¼	23¼	13¼	15⅜	..
Republic Iron & Steel	49½	15¾	96	18	145	40⅛	64⅜	43⅞	47¼	..
Do. Pfd.	111¼	64½	112⅝	72	106¾	74	95	88	†85½	7
Royal Dutch N. Y.	..	..	88	56	123⅜	40⅞	57⅜	48¼	49½	4.42½
Savage Arms	..	..	119¾	39⅞	94½	8⅛	108⅜	62½	68⅝	..
Schulte Retail Stores	..	..	..	..	129¼	88	116⅞	109	111½	§8
Sears, Roebuck & Co.	124¾	101	233	120	243	54¼	172⅞	147½	155	6
Shell Trans. & Trading	..	..	..	..	90¼	29⅛	45¾	40⅛	†39⅜	2.06
Shell Union Oil	..	..	..	..	22½	12⅛	28⅜	22½	24	1.40
Simmons Company	..	..	..	..	37	22	38⅛	31¼	35	2
Simms Petroleum	..	..	..	..	24	6½	26¼	19½	22⅞	½
Sinclair Consol. Oil	..	..	67⅛	25¼	64¼	15	24⅞	17	19¼	..
Skelly Oil	..	..	..	..	35	8⅝	30½	21¾	23⅞	..
Sloss-Sh. Steel & Iron	94⅝	23	93¼	19½	89	32⅛	97	80¼	84¾	6
Standard Oil of Calif.	..	..	..	..	135	47⅛	67⅛	56⅝	58⅛	2
Standard Oil N. J.	*448	*322	*800	*355	*212	30⅞	47½	38⅛	41	1
Do. Pfd.	..	..	..	..	119⅛	100⅛	119	116⅜	117⅞	7
Stewart-Warner Speed.	..	..	*100½	*43	*181	21	77⅞	55	62	5
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	79¾	61	66⅛	6
Studebaker Company	49½	15¾	195	20	151	30½	46⅜	41⅛	45⅛	4
Do. Pfd.	98⅛	64½	119½	70	118¼	76	114¾	112	114	7
Tennessee Cop. & Chem.	..	..	21	11	17¼	6¼	9¾	7⅝	8⅛	..
Texas Co.	144	74½	243	112	57⅜	29	49	42¾	44	3
Texas Gulf Sulphur	..	..	..	..	110	32⅛	113¾	97½	107⅜	7
Tex. & Pac. Coal & Oil	..	..	..	..	195	5⅛	23⅜	11⅛	13⅞	..
Tide Water Oil	..	..	225	165	275	94	152	122	128½	4
Timken Roller Bearing	..	..	..	..	45	28⅛	44⅛	37⅝	40¾	3
Tobacco Products	145	100	82⅜	25	115	45	80½	70	75¾	6
Do. Class A	..	..	..	..	93½	76½	99⅛	93¼	98⅜	7
Transcontinental Oil	..	..	..	..	62⅝	1¼	5½	3⅞	4⅜	..
Union Oil of Calif.	..	..	..	..	39	35	43⅜	36¼	37½	1.80
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42½	81¼	60¼	68⅛	3.25
United Drug	..	..	90⅝	64	175⅛	46¼	123	110⅞	122½	6
Do. 1st Pfd.	..	..	54	46	58⅛	36⅝	54½	52	53⅜	3½
United Fruit	208½	126⅛	173	105	224⅞	95¾	231	204⅞	215½	10
United Ry. Investment	49	16	27½	4⅛	41	6	26¾	18¼	23	..
Do. Pfd.	77	30	49¼	10⅛	61⅞	14	63	48⅛	58	..
U. S. Cast I. Pipe & F.	38	9¼	31⅞	7¾	169⅝	10½	250	152	168½	..
Do. Pfd.	84	40	67⅛	30	104¼	38	112½	102	†102	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35¼	88	76	83⅜	..
U. S. Realty & Imp.	87	49⅜	63¾	8	143½	17¼	131¾	114½	129½	8
Do. Pfd.	..	..	..	..	143	97½	130¼	122¼	128⅞	7
U. S. Rubber	59¼	27	80½	44	143¾	22½	44⅝	33¼	40	..
Do. 1st Pfd.	123½	98	115¼	91	119⅛	66½	97⅞	92¾	96¼	8
U. S. Smelt., Ref. & Min.	59	30⅜	81⅛	20	78¼	18¾	39	30	35	3
U. S. Steel	94⅞	41¼	136⅝	38	121	70¼	129⅝	112⅜	117½	5
Do. Pfd.	131	102½	123	102	123½	104	126⅝	122½	122⅞	7
Utah Copper	67⅛	38	130	48¼	97½	41⅛	92	82	85½	4
Utah Securities	..	..	27⅜	9⅛	46	7	73¼	41⅛	73¼	..
Vanadium Corp.	..	..	..	..	97	19⅛	31¾	26	27	..
Western Union	86¼	56	105½	53⅜	121¼	76	127⅛	116¼	126¾	7
Westinghouse Air Brake	141	132½	143	95	124½	73	114	97	100	6
Westinghouse E. & M.	45	24¾	71⅞	32	71⅜	38⅞	84	66¼	69	4
White Eagle Oil	..	..	..	..	34	20	31¾	25⅝	27	2
White Motors	..	..	60	30	86	29¼	76	57⅛	63	4
Willys-Overland	*75	*50	*325	15	40¼	4½	14⅞	9⅛	14⅞	..
Do. Pfd.	..	..	100	69	98¼	23	93⅛	72¼	92⅞	..
Wilson & Co.	..	..	84¼	42	104⅞	4¼	13⅜	6¾	7	..
Woolworth (F. W.) Co.	*177⅞	*76½	*151	*81¼	*345	72¼	125⅞	112¼	119¾	3
Worthington Pump	..	..	69	23¼	117	19⅞	79¾	45	56⅝	..
Do. Pfd. A	..	..	100	85⅞	98½	65	88	79	†80	7
Do. Pfd. B	..	..	78⅜	50	81	53¼	76½	65	71	6
Youngstown Sh. & Tube	..	..	..	..	80	59⅜	76½	63	65	4

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock. ¶ Partly stock.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912,

Of the Magazine of Wall Street, published every other week at New York, N. Y., for April 1, 1925.

State of New York }
County of New York } ss.

Before me, a Notary Public in and for the State and county aforesaid, personally appeared E. D. King, who, having been duly sworn according to law, deposes and says that he is the Managing Editor of the Magazine of Wall Street, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are:

Publisher, The Ticker Publishing Co., 42 Broadway, New York City. Editor, Richard D. Wyckoff, 42 Broadway, New York City. Managing Editor, E. D. King, 42 Broadway, New York City. Business Managers, none.

2. That the owner is: (If the publication is owned by an individual his name and address, or if owned by more than one individual the name and address of each, should be given below; if the publication is owned by a corporation the name of the corporation and the names and addresses of the stockholders owning or holding one per cent or more of the total amount of stock should be given.): Ticker Publishing Co., 42 Broadway, New York City; Richard D. Wyckoff, 42 Broadway, New York City; Cecelia C. Wyckoff, 42 Broadway, New York City.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is (This information is required from daily publications only.)

E. D. King,
Managing Editor.

Sworn to and subscribed before me this 16th day of March, 1925.

[SEAL.] John I. Janes, No. 18.
(My commission expires March 31, 1926.)

THE WORLD'S FIRST BILLIONAIRE

(*Continued from page* 1099)

Ford is 62 years old. He hopes to live to 100. Let us assume, for the purposes of this discussion, that Ford lives 20 years more and reaches the ripe age of 82.

If the Ford Motor Co. maintains the rate of growth shown in the last few years what will Ford be worth when he has reached the total of fourscore and two years?

If the earnings of the Ford Motor Co. increase in the next twenty years in the same ratio shown in the last six years, the company will earn during

that twenty-year period approximately 4½ billions of dollars.

Fantastic as these figures may seem it is no more fantastic than the prediction would have seemed twenty years ago that the Ford Company would make a hundred millions a year.

With such premises conceded, we leave it to the mathematicians to figure what the Ford Motor Co. will be worth in 1945.

Great wealth means great power. And great power in the hands of individuals or groups of individuals is a potential menace. Wisely used such power may be a tremendous factor for good, as in the case of the Rockefeller fortunes. The Standard Oil king wisely placed the bulk of his fortune in the form of public trusts.

Perhaps Ford will do the same. No one knows. But if he hands down his almost countless millions intact, it may be necessary to pass legislation creating supervisory powers over such vast accumulations of wealth.

ANSWERS TO INQUIRIES

(*Continued from page* 1134)

speculative influences is indicated by the rapid recovery which this issue has made in the past two weeks. While we think well of this issue it has had a very important advance in market value within a short period of time, and may be again subject to reaction due to market conditions.

If you are satisfied to ignore market fluctuations, we believe you will ultimately be able to secure better prices for your shares than now ruling.

MARLAND OIL

Earnings Improved

I am continually reading that Marland Oil Company's earnings are satisfactory, but when the financial statement comes out I observe that large deductions are made from the income for reserves of one kind or another, particularly for inventory adjustments. When crude and refined oil prices advance, does the company increase its inventory figure or is it held down once the decline is marked off?—H. A. L., New York.

Marland Oil in its 1924 report will show only a small surplus, due to large deductions for reserves of various kinds and depreciation in inventory. Producing oil companies such as this are naturally obliged to charge off large sums for depletion as oil wells do not last forever. The advance in crude and refined oil prices since the close of 1924 have increased the value of the company's inventory considerably more than deductions that were made last year. Companies such as Marland, as a rule, do not follow the practice of marking up the value of their inventories, but when the oil is sold the benefits derived by the higher prices prevailing are, of course, reflected in earnings. For the first quarter of 1925 it is estimated that the company earned around $2 a share. The situation is a little uncertain at the present time, for while consumption of oil is at a high rate

production promises to keep pace with it, due to extensive drilling and the recent development of a new pool in the Smackover District with a large flush production. Earnings of the company, therefore, may not continue on as favorable a basis as in the first quarter. However, in view of the financial strength of the company, its large production and reserve acreage, we believe the stock to have merit as a long pull speculation.

GOODYEAR TIRE

Effect of Dodge Bros. Purchase

Would you suggest holding Goodyear Tire and Rubber common in view of the purchase of Dodge Brothers by interests whom I understand have long been indentified with Goodyear? Does it mean larger business for Goodyear, or has it been getting the Dodge business right along?—E. E. D., Boston, Mass.

Dillon, Reed & Co., who negotiated the purchase of Dodge Bros., have been bankers for Goodyear Tire & Rubber Company for some time. Heretofore, the Dodge Company has given a considerable part of its original equipment business to Firestone, and doubtless, in view of the change in control, Goodyear will now receive considerable more business from this source. The company is now producing tires at a rate in excess of the 1924 average, and with a closer alliance with Dodge Bros. it is probable that the company's unit of sales this year will considerably exceed the record established in 1924 when 10 million tires were turned out. Under the circumstances we deem it advisable for you to continue to hold the common shares.

GILLETTE SAFETY RAZOR

Earnings Improved

What is the outlook for Gillette Safety Razor for the rest of this year? There is so much competition in the safety razor business and so many cut-price campaigns on that I am inclined to be pessimistic regarding the future.—F. A. S., Troy, New York.

Up to the present time at least increased competition in the safety razor industry has had no adverse effect on the Gillette Company, earnings having shown a steady increase year by year. In the first quarter of 1925 net was 3.1 millions compared with 2.5 millions for the same quarter of 1924, an increase of 21%. Foreign business is showing steady improvement. In our opinion, Gillette will have no great difficulty in maintaining its pre-eminent position in the safety razor industry.

NATIONAL CLOAK & SUIT

Dividend Rate Conservative

Would you recommend that I continue to hold National Cloak and Suit common, which I bought in 1919 and have held during the years that it has been on a nondividend basis? Now that the stock is again paying dividends, I am inclined to feel it may overdiscount the improvement in the company's affairs.—M. C. F., Boston, Mass.

National Cloak & Suit earned $11.28 a share on its common stock in 1924 compared with $14 a share in 1923 and $12.48 a share in 1922. In view of this substantial earning power the present dividend rate of $4 a share appears con-

servative. By withholding dividends during the past three years the company has greatly strengthened its financial condition, earnings equivalent to $37.76 a share having been ploughed back into the property. Business so far this year has been on a favorable basis, and indications are that earnings will be at least as good as in 1924. We do not believe that the stock at present levels of 65 has over-discounted the improvement in the company's affairs.

TRADE TENDENCIES

(*Continued from page* 1138)

iron prices is to move gently downward. Foreign steel is threatening to become a factor on the Atlantic seaboard, though the quantity available is not very large as yet.

The probabilities are that the steel industry will continue to operate more largely on a day-to-day basis during the second quarter. The aggregate volume of business should sustain operations at a reasonably high rate, but the peak has undoubtedly been passed. Earnings for the second quarter will reflect the lower average level of operations and prices, though it is not anticipated that the decline will be sharp.

MOTORS

Sales Increasing

Outlook for the second quarter is more promising than the trend of previous months had indicated. Despite the hand-to-mouth attitude of dealers, sales are increasing. Favorable weather conditions have stimulated demand. Production for March rose to 362,305 passenger cars and trucks, a gain of 27% over February but a decrease of 5% compared with the corresponding month a year ago. Output has registered a more rapid gain, however, since the first of the year than for the first quarter of 1924. A number of factories are operating around 90% of capacity while some are doing even better.

The situation with respect to prices is fairly well stabilized. Costs are still relatively high, although raw materials, such as copper and steel have declined of late. The high rate of operations should tend to compensate producers for increased operating expenses, to a large degree, by virtue of lower overhead.

The trend of sales and production augurs well for second quarter profits. The outlook in this direction indicates that results will exceed those attained during the same period a year ago and will probably not fall far short of the favorable reports for the three months ended March 31, 1924.

The automotive accessory manufacturers anticipate a material gain in earnings, based upon increased business. Current sales estimates forecast a gain of 10% for 1925. While these

figures may be modified by later developments, they serve to shed light on the present situation of parts and accessory makers.

TEXTILES

Mixed Conditions

The sustained activity in silks is a bright spot in the otherwise uncertain prospect for textiles. Despite several months of large scale production and heavy demand, silk goods continue to move freely and prices are holding well. Mills are running at, or close to, record rates and sentiment is, quite naturally, optimistic.

The tendency in cotton and woolen goods is in marked contrast. While the Easter trade stimulated business in some lines, demand for staples in disappointing. Prices are moving irregularly, an effect that is heightened by the attitude of retailers. All attempts to establish advances are met with strong resistance and a slackening of demand.

The cotton and woolen goods industries are not without some suspicion of over-production. In fact, there is a tendency to bring output to a lower level, more in keeping with the present state of distribution. The cotton manufacturers are probably operating at a profit, on the whole, although the margin is a slender one at best. Woolen goods producers, however, are still experiencing difficulty in overcoming losses.

It is problematical whether the silk industry will continue at the present swift pace indefinitely but its position is, evidently, much stronger than either wool or cotton. Earnings of companies in the latter fields are likely to remain unsatisfactory.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have h's stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
\$6	Allis Chalmers....	\$1.50	Q	4-24	5-15
\$5	Amer. Bank Note..	\$1.25	Q	5- 1	5-15
\$4	Amer. Beet Sug. ..	\$1.00	Q	7-11	7-31
\$5	Amer. Can Co....	\$1.25	Q	4-30	5-15
\$1	Amer. La France..	\$0.25	Q	5- 1	5-15
7%	Amer. Linseed pf.	1¾%	Q	6-20	7- 1
\$4	Amer. Radiator ..	\$1.00	Q	6-15	6-30
\$7	Amer. Smelting pf.	\$1.75	Q	5- 8	6- 1
\$6	Ass. Dry Goods 1st.	\$1.50	Q	5- 2	6- 1
\$7	Ass. Dry Goods 2d.	\$1.75	Q	5- 2	6- 1
\$7	Atch, T. & S. Fe.	\$1.75	Q	5- 1	6- 1
6%	Borden & Co. pf.	1½%	Q	6- 1	6-15
\$6	California Packing.	\$1.50	Q	5-31	6-15
7%	Cong.-Nairn pf....	1¾%	Q	5-15	6- 1
\$7	Gen. Cigar pf.	\$1.75	Q	5-23	6- 1
\$7	Gen. Cigar deb. pf.	\$1.75	Q	6-23	7- 1
\$2½	Gillette Safe. Raz.	\$0.625	Q	5- 1	6- 1
\$6	Gulf, Mo. & N. pf.	\$1.50	Q	5- 1	5-15
7%	Gulf S. Stl. 1st..	1¾%	Q	6-15	7- 1
2½%	Hudson & Man..	1¼%	SA	5-14	6- 1
\$1	Intertype Corp. ...	\$0.25	Q	5- 1	5-15
\$5	Manati Sugar	\$1.25	Q	5-15	6- 1
\$7	McCrory Stores pf.	\$1.75	Q	7-20	8- 1
\$1	Miami Copper	\$0.25	Q	5- 1	5-15
7%	Nat'l Dept. St. 2d.	1¾%	Q	5-15	6- 1
\$4	N. Y. Air Brake A.	\$1.00	Q	6-10	7- 1
\$3	Owens Bottle	\$0.75	Q	6-15	7- 1
\$5	Pacific Tel. & Tel.	\$1.25	Q	5-15	5-29
\$6	United Drug	\$1.50	Q	5-15	6- 1
6%	United Drug 2nd..	1½%	Q	5-15	6- 1
\$7	Weber & Heilb'r pf.	\$1.75	Q	5-15	6- 1
\$3	Woolworth, F. W..	\$0.75	Q	5- 1	6- 1

UNLISTED UTILITY BOND INDEX

(IN ORDER OF PREFERENCE)

POWER COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Indiana Power Co. 7½s, 1941	B	105	107	6.75
Nevada-California Electric 1st 6s, 1946	B	98½	100	6.00
Tennessee Power Co. 1st 5s, 1962	A	91½	93	5.45
Alabama Power Co. 1st Ln. & Ref. 6s, 1951	A	103¼	104	5.70
Appalachian Power Co. 1st 5s, 1941	A	97	98	5.15
New Jersey Power & Light 1st 5s, 1936	B	93½	95	5.60
Illinois Power & Light 1st & Ref. 6s, 1953	B	101½	102½	5.85
Appalachian Power Co. 7s, 1936 (Non-Callable)	B	105	106	6.30
Binghamton Lt., Heat & Power 1st Ref. 5s, 1946	B	94½	96	5.25
Idaho Power Co. 5s, 1947	A	94½	95	5.35
Texas Power & Light Co. 1st 5s, 1937	B	96½	97½	5.30
Central Indian Power 1st Col. & Ref. 6s, 1947	C	98	99	6.10
Central Ga. Power Co. 1st 5s, 1938	B	94½	95½	5.55
Kansas Electric Power 1st Series A, 6s, 1937	B	98½	100	6.00
Consumers El. Lt. & Pwr. New Orleans, 1st 5s, 1936	B	93¾	95	5.60
Niagara Falls Power 1st & Cons. Mtge. 6s, 1950	A	106½	107½	5.45
Washington Coast Utilities 1st Mtge. 6s, 1941	B	100½	102	5.80
Ohio Power Co. 1st Ref. 7s, 1951	A	106¼	107¼	6.45
Great Western Power Co. 5s, 1946	A	97¼	98	5.15
North Carolina Public Service 1st 5s, 1934	B	92½	93½	5.95
Public Service Corp. of N. J. 6s, 1944	B	98	99	6.10
Parr Shoals Power Co. 1st 5s, 1952	B	94	95½	5.25
Yadkin River Power 1st Mtge. 5s, 1941	A	97¼	98¼	5.15
Mississippi River Power 1st 5s, 1951	A	98	99	5.05
Nebraska Power Corp. 1st 5s, 1949	A	97½	98½	5.10

GAS AND ELECTRIC COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Wilmington Gas Co. 5s, 1949	B	90	91	5.70
Cons. Cities Light, Power & Traction 1st 5s, 1962	B	79¼	80¼	6.40
Seattle Lighting Co. Ref. 5s, 1949	B	87	89	5.85
Burlington Gas & Light 1st 5s, 1955	B	90½	92	5.55
Twin State Gas & Electric Ref. 5s, 1953	B	88	89	5.75
United Light & Railways 6s, 1952	B	97½	98½	6.10
Tri-City Railway & Light 5s, 1930	B	98	99	5.20
Dallas Power & Light 6s, 1949	A	103	105	5.60
Oklahoma Gas & Electric 1st & Ref. 7½s, 1941	B	105	107	6.75
United Light & Railway 5s, 1932	B	94	95½	5.75
Pacific Gas & Electric 1st & Ref. 5½s, 1952	A	99¾	100¼	5.45
Rochester Gas & Electric 7s, Series B, 1946	B	109½	111	6.10
New York & Richmond Gas 1st Ref. 6s, 1951	C	99⅜	100	6.00
Portland Gas & Coke 1st 5s, 1940	B	96½	98	5.20
Indianapolis Gas Co. 1st 5s, 1952	B	96¼	97¼	5.15

TRACTION COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Galveston-Houston Electric Railway 1st 5s, 1954	B	85	87	5.95
Minn. Street Ry. & St. Paul City Ry., Jnt. 5s, 1928	B	97	98	5.70
Northern Ohio Traction & Light 6s, 1926	B	98½	99½	6.20
Knoxville Railway & Light 5s, 1946	C	89	91	5.75
Columbus Street Railway 1st 5s, 1932	B	94	95½	5.80
Kentucky Traction & Terminal 5s, 1951	C	78	79½	6.70
Nashville Railway & Light 5s, 1953	B	95	97	5.20
Memphis Street Railway 5s, 1945	C	72	74	7.50
Schenectady Railway Co. 1st 5s, 1946	C	60	61	9.25

HOLDING COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
American Power & Light 6s, Series A, 2016	B	95	96	6.25
Standard Gas & Electric Co. 6s, 1935	C	98	99	6.15
Virginia Power Co. 1st 5s, 1942	B	93½	94½	5.50
General Gas & Electric s. f. 7s, 1952	B	102	104¾	6.60
American Gas & Electric 6s, 2014	B	96½	97¼	6.20
Middle West Utilities 8s, 1940	A	108¼	108¾	7.05
Jersey Central Power & Light 1st 6½s, 1948	B	109	110	5.70
Southwestern Power & Light 1st Mtge. 5s, 1943	B	92¼	93¼	5.60
Central Power & Lt. 1st Pr. Ln. 6s, 1946	B	99	100	6.00

TELEPHONE AND TELEGRAPH COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Pacific Tel. & Tel. 5s, 1952	A	94	94¼	5.40
Southern California Telephone 1st & Ref. 5s, 1947	A	95¼	96	5.30
Home Tel. & Tel. Co. of Spokane 1st 5s, 1936	A	97¾	98¾	5.15
Chesapeake & Potomac Tel. Co. (Va.) 1st 5s, 1943	A	98¾	99½	5.05
Houston Home Telephone 1st 5s, 1935	A	99	100	5.00
Ohio State Telephone Co. Ref. 5s, 1944	A	99	100	5.00
Western Tel. & Tel. Collateral Trust 5s, 1932	A	99⅞	100	5.00

* Yield computed at the asked price.

PAN-AMERICAN PETROLEUM & TRANSPORT CO.

(*Continued from page 1129*)

by the Pan American Petroleum Co. of California, all the stock of which, through an intermediary subsidiary, is owned by the Pan American Petroleum & Transport Co. A plan will be announced for the sale of Pan American Petroleum & Transport's California holdings to a new company to be known as the Pan American Western Petroleum Corporation. Stockholders of Pan American Petroleum & Transport will be given the opportunity to subscribe, pro rata, to stock of the new Pan American Western Petroleum Corporation.

Why Doheny Sold

The joining of the fortunes of Pan Pete with the Standard of Indiana is the most important single, financial development in the oil industry since the dissolution of the Standard Oil Company in 1911. It means the abdication by E. L. Doheny from one of the highest posts in the oil world. Mr. Doheny is but one year short of seventy. His early youth was one of great hardship. For years he was known as a "desert rat," one of those forlorn prospectors of the arid western plains and gulches, living in the hope that the next prospect will prove to be the end of the rainbow. At forty years of age, a time when many men have made their "pile," E. L. Doheny was practically penniless. Then followed his dream of developing Mexico's oil resources and its practical working out. For thirty years Doheny has been on the job and under strains which few men are called upon to endure. The pressure of the last few years in connection with the Naval Reserve leases has been his greatest burden and came at the end of fifty years of unceasing activity.

Doheny and Doheny's family love the sunshine of southern California. Small wonder, then that with the Government's case against him quashed in its first legal test, and with his company enjoying the greatest prosperity in his history, he should seize the opportunity to lighten his burdens at the ripe age of 69.

The Whole Story Not Out

That the whole story has not been told in connection with the sale of Doheny's stock seems evident.

Bankers, as a rule, are merchants of securities, or act as agents for others. The important line in the official announcement which says that with others the purchasing syndicate is formed by "interests identified with the Chase banking group" is very significant.

One immediately thinks of Sinclair Consolidated for which the Chase Securities Corporation is banker. Again

when one reflects that Standard of Indiana and Sinclair Consolidated are 50-50 owners in the Sinclair Crude Oil Purchasing Company, capital stock $65,000,000 authorized and outstanding, par $100 and Sinclair Pipe Line Co. with $23,084,400 stock outstanding, par $100, one can scarcely believe that Sinclair Consolidated has been left out of the purchase of Doheny's stock.

At all events the pooling of Standard of Indiana's and Pan Pete's interests means the creation of a new oil titan of international scope and one which will have an important say in the future developments in the oil world. The securities of these companies will bear watching.

SCHOOL FOR TRADERS AND INVESTORS

(Continued from page 1136)

nation of the company's records over a period of several years, and especially if the record is favorable even during periods of depression in most other industrial enterprises, then the shares should be attractive for purchase almost any time during a bull market, and particularly when they are in strong technical position, or selling below normal during a period of temporary weakness in the general market. On the other hand, the earnings of a corporation may have a very irregular record, and happen to be abnormally good during a period of inflation or apparent bullish manipulative activity. It may be highly probable that the good earnings cannot continue, but are likely to slump suddenly in the near future. Under such conditions, if the technical position of the stock shows a tendency to weaken, or there is evidence of persistent profit taking or distribution, the shares may be attractive for short selling. If in addition to these conditions, a decline in the general market is under way, the opportunity for short selling is almost ideal.

The earnings of a company may rise and fall moderately from month to month, or during different seasons of the year, but independent of such temporary variations, there may be a definite trend over a period of years, indicating gradual improvement or deterioration. This trend is highly significant, for it will be reflected not only in future earnings per share, but it forecasts either increasing financial strength and power to resist and overcome competition, with the more remote possibilities of increased dividends, extra disbursements, stock dividends or "melons," or uncertainty of future dividends, possibly financial deterioration, with the more remote possibilities of a cut or elimination of the dividend, or even receivership or bankruptcy.

It is unnecessary to point out that where earnings have an upward trend, the shares may be attractive for purchase, provided the buying is done dur-

ing a reaction in a bull market, or near the beginning of such a market. Conversely, where earnings have a downward trend, the shares may be attractive for short-selling, provided the selling is done on a rally in a bear market, or near the beginning of such a market. The above suggestions, contemplate long-swing speculation. Speculation for the minor swings of the market must be governed more by immediate technical position, with the earning-trend factor as an important background for the operations.

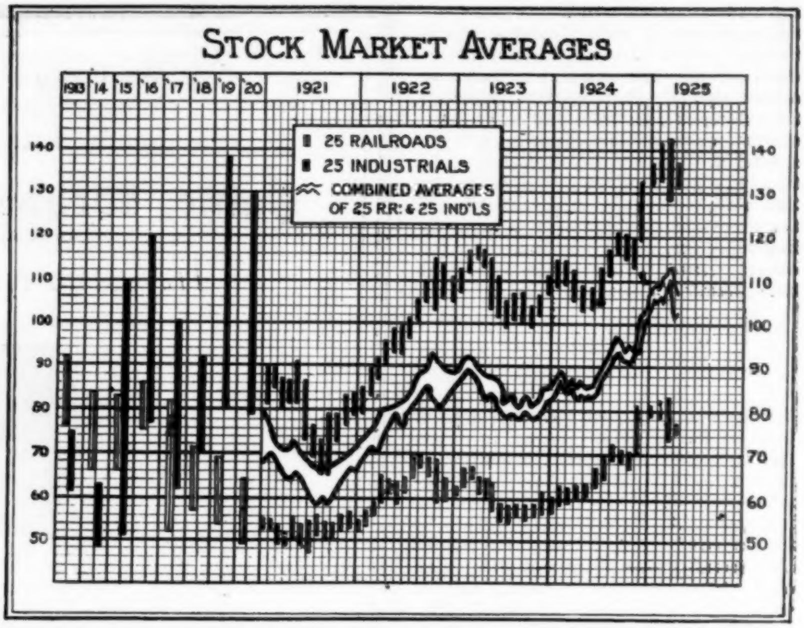
What to Know About Dividends

Percentage earned on the market price is an important factor in determining the desirability of a stock, and always more important than the investment yield of whatever dividend is being paid. A high dividend return is attractive if the disbursement is earned by a comfortable margin, but it is an element of weakness if barely earned, or if it is being paid out of surplus. In this connection we may sometimes have an interesting development that should not be overlooked. For example, the trend of a company's earnings may be distinctly constructive, but its dividend policy may be over-optimistic of nearby future developments. Such conditions suggest possible over-speculation in the shares by the public, to be followed by a sharp setback whenever it becomes apparent that the increased dividend cannot be maintained without impairing the company's financial position. Professional traders who are familiar with developments of this character, may turn their knowledge to advantage both on the long side while the increase in the dividend is being discussed and discounted, and later on the short side when holders of the stock begin to become doubtful regarding the company's ability to maintain the dividend.

A Vital Point

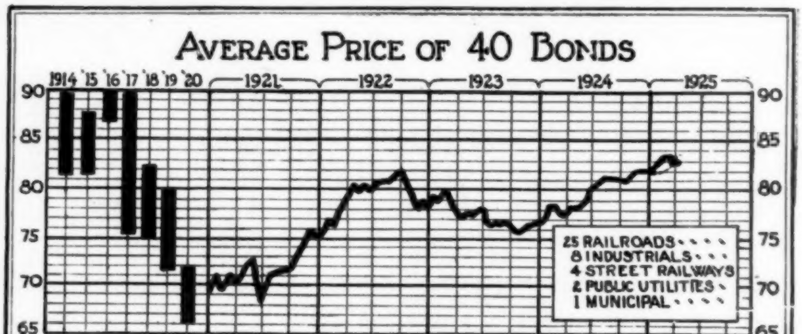
Earnings per share are useful measures of comparison, not only with a view to determining the relative desirability of different stocks selling at about the same price, but also as guarantees of stability of current dividends, or promises of dividend inaugurations at a future date. Probably one of the most important indications is a company's ability to maintain earnings as high as, or higher than, the earnings of its competitors, other considerations being equal.

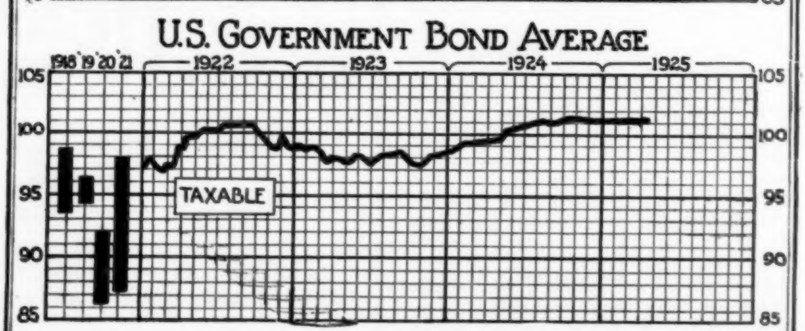
From the above discussion of only a few of the probable influences of earning ability as a factor in determining the probable trend of a corporation's shares, it should be apparent that when technical considerations are bullish, shares with highest earnings are likely to be among the most attractive for purchase. Conversely, when technical considerations are bearish, shares with the most unfavorable earnings record are likely to offer the most attractive opportunities on the short side.



MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N.Y.Times 50 Stocks High	N.Y.Times 50 Stocks Low	Sales
Thursday, April 2....	82.70	117.61	94.03	104.50	103.19	1,080,094
Friday, April 3......	82.75	117.40	93.84	104.45	103.35	828,369
Saturday, April 4.....	82.81	118.25	94.71	104.71	103.79	529,307
Monday, April 6......	82.84	119.43	95.81	106.24	104.99	1,201,390
Tuesday, April 7......	82.92	118.78	95.67	106.72	105.09	1,221,450
Wednesday, April 8...	82.93	118.90	94.88	106.15	105.10	917,050
Thursday, April 9....	82.90	119.06	94.79	105.81	104.75	786,326
Friday, April 10......		Holiday		Holiday		
Saturday, April 11....	82.93	119.33	94.97	106.00	105.26	400,865
Monday, April 13.....	82.95	120.18	94.96	106.24	105.36	800,200
Tuesday, April 14....	83.02	121.54	95.46	106.96	105.75	1,173,725
Wednesday, April 15..	83.09	121.11	95.91	107.39	106.26	1,185,530





Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

Aeolian Co. pfd. (7)	82	— 92
Aeolian Weber	19	— 24
Aeolian Weber pfd. (7)	97	—102
Allied Packers	6½	— 8
Sr. Pfd.	18	— 22
Pr. Pfd.	52	— 55
American Arch (5P)	113	—116
American Book Co. (7)	113	—116
Amer. Cyanamid (P)	123	—128
Pfd. (6)	82	— 85
Amer. Thread pf. (5%)	4	— 4¼
Atlas Portland Cement (4) New	44½	— 46
Babcock & Wilcox (7)	132	—135
Barnhart Bros. & Spindler:		
1st Pfd. (7) G	102	—105
2nd Pfd. (7) G	95	— ..
Beaver Board pfd	25	— 35
Common "A"	4½	— 5
Common "B"	5	— 6
Borden Co. (8)	142	—145
Pfd. (6)	106	— ..
Bucyrus Co. (5)	128	—133
Pfd. (7)	103	— ..
Celluloid Co.	34	— 38
Pfd. (8)	88	— 94
Congoleum Co. pfd. (7)	102	—104
Crocker Wheeler	24	— 27
Pfd. (7)	75	— 80
Eisemann Mag. pfd. (7)	47	— 53
Franklin Rwy. S.	90	— 95
Gen. Optical pfd. (3½)	32	— 35
Hale & Kilburn pfd.	16	— 18
Ide (Geo. P.) & Co., Inc.	6	— 9
Pfd. (8)	63	— 67
Jos. Dixon Crucible (8)	136	—142
Ingersoll Rand (8P)	235	—245
Johns-Manville, Inc. (3P)	138	—141
Knox Hat	45	— 48
2nd Pfd.	55	— 62
Pr. Pfd. (7)	90	— 95
Lehigh Portland Cement (3)	72	— 73½
McCall Corp'n	88	— 92
Pfd. (7B)	125	— ..
Nat'l Fuel Gas (5P)	117	—119
New Jersey Zinc (8P)	183	—187
Niles-Bement-Pond	20	— 25
Pfd.	45	— 55
Phelps-Dodge Corp'n (4)	107	—112
Pierce, Butler & Pierce (8)	103	— ..
Pfd. (8)	95	—100
Poole Engin's (Maryland):		
Class A	16	— 19
Class B	14	— 16
Richmond Radiator Co.	20	— 25
Pfd.	100	—110
Royal Bak'g Powder (8)	143	—146
Pfd. (6)	101	—103
Safety Car H. & L. (8)	110	—114
Savannah Sugar (6)	63	— 67
Pfd. (7)	82	— 85
Sheffield Farms (6)	135	— ..
Pfd. (6)	98	—100
Singer Mfg. Co. (10)	237	—245
Singer, Ltd. (England)	4	— 4¼
Superheater Co. (K)	123	—126
Thompson-Starrett (4)	90	— ..
Victor Talk'g Mach. (8)	75	— 85
White Rock (1.20P)	27	— 32
2nd Pfd. (6P)	110	—120
1st Pfd. (7)	98	—102
Yale & Towne (4P)	64	— 66

* Dividend rates in dollars per share designated in parentheses.

B—Arrears being discharged at rate of 7% annually in addition to regular dividend rate.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

K—Dividend rate on this stock not established.

P—Plus Extras.

OVER-THE-COUNTER stocks continued active and firm during the fortnight, with occasional strong spots. Among the latter should be noted the White Rock issues, which reached new high levels, and General Optical preferred.

Strength in the latter issue reflected news of the merger between the Shur-On Optical Co., Inc., the Dupaul-Young Optical Corporation and the Standard Optical Co., which consolidation will control General Optical through ownership of not less than 60% of the common stock. Effects of this merger will be to stabilize the industry, as well as to reduce the overhead of the operating units. The combined companies will constitute the second largest optical company in the country and will produce a complete line of optical instruments, accessories and machinery. Position of General Optical is, of course, strengthened by the merger.

In connection with the recent wide advance in Singer Manufacturing stock, reports of a pending real estate transaction which, if consummated, would involve the transfer of the 41 story Singer Building to other hands were of interest. Interests identified with the Utilities Power & Light Corporation were said to be principals in the negotiations and that the price named was $8,500,000. Inasmuch as this sum is largely in excess of the value at which the property is understood to be carried on the Singer Manufacturing Co.'s books, the large surplus of the corporation is evidently in line for further amplification.

Ward Baking Co. issues, more actively dealt in on the New York Curb market, were strong, as were most of the other baking stocks. An interesting news development was the announcement of interests associated with the proposed Empire Baking Co. that its inability to secure properties whose acquisition had been expected by April

1st had led to the decision not to issue the proposed capital stock. Subscriptions which had been made on a "when-as-and-if-issued" basis were accordingly returned to subscribers, with 8% interest from April 1st to the time of the announcement.

Pierce Butler & Pierce preferred, recommended here some months ago below 90, continued strong, reflecting an improved market situation. On the other hand, Allied Packers issues, and the Beaver Board securities, were inclined to softness, losing some ground on the fortnight.

Important Corporation Meetings

Company	Specification	Date of Meeting
Coca-Cola Co	Pfd. & Com. Div.	4-27
Consolidated Cigar	Pfd. Div.	4-27
Independent Oil & Gas	Dividend	4-27
Otis Elevator Co.	Annual	4-27
Amer. Brake Shoe & Fy	Annual	4-28
Cities Service Co	Annual	4-28
Federal Light & Tract	Special	4-28
General Asphalt	Directors	4-28
Hartman Corp.	Annual	4-28
Hayes Wheel Co	Pfd. & Com. Div.	4-28
Illinois Central R. R.	Com. Div.	4-28
Ingersoll Rand	Annual	4-28
Inland Steel Co.	Annual	4-28
Inland Steel Co	Pfd. & Com. Div.	4-28
Inspiration Copper	Annual	4-28
Norfolk & Western Ry	Com. Div.	4-28
Pennsylvania R. R	Annual Election	4-28
U. S. Steel Corp	Pfd. & Com. Div.	4-28
Youngstown Sh. & Tube	Annual	4-28
Amer. Tobacco	Com. & Com. B Divs.	4-29
Delaware & Hudson	Directors	4-29
Liggett & Myers	Com. Div.	4-29
Lima Locomotive	Com. Div.	4-29
Amer. Metal Co	Pfd. & Com. Div.	4-30
Con. Gas N. Y.	Com. Div.	4-30
Studebaker Corp	Pfd. & Com. Div.	4-30
United Dyewood Corp	Directors	4-30
Virginia Railway	Annual	5-2

Copy Free to Readers

"Bond Yields at a Glance"

Readers of THE MAGAZINE OF WALL STREET *are invited to send in names of friends who are likely to be interested in financial matters. In exchange for this courtesy, we shall be glad to send free a copy of "Bond Yields at a Glance." This valuable set of tables tells you in an instant the yield of any bond at any price.*

INSURANCE DEPARTMENT

(Continued from page 1126)

CONSIDERING A BRITISH COMPANY

Reader Advised by Friend to Insure in London Life Association

Being a subscriber to your Magazine, I am taking advantage of your advice on insurance problems. Am 31 years of age, have $1,000 20-Year Endowment with Prudential Insurance Co. ($30.50 yearly at age 20.) Converted $10,000 War Risk to $10,000 20-Year Endowment at age 27 ($396.25 yearly), and also compensation insurance for $1,073, payable in 1945. As you can see, I have no real life insurance if I survive these policies.

A friend of mine informs me of a policy he holds taken on the London Life Insurance Co. of London, England—a company which he claims is one of the oldest and strongest in the world. He tells me I could get a $15,000 20-Payment Life policy for considerably less per $1,000 with this company than with any in this country. Also that after eight years have elapsed, dividends are guaranteed at 60% of premium, increasing 2% yearly until payments are completed. If to your knowledge this information is correct and if you approve, or have any suggestions on other policies, would greatly appreciate any advice offered. Am single, and have an income of over $3,000, including salary and income from investments.—A. K., Chicago, Ill.

The London Life Association, Ltd., of London, England, is an old and conservative institution which, within recent years, merged with the Clergy Mutual. These companies have never written any large volume of business, according to American ideas, nor has either of them ever employed agents in procuring business.

According to available information, the rate of the London Life Association for an Ordinary Life policy taken at age 31 was £3:0:9 per £100—or about $30 per $1,000. The premium is not reducible by dividends during the first 7 years, but thereafter each subsequent premium "is reduced by a rate per cent. depending on the valuation made at the beginning of each year." The amount of the dividend is not guaranteed, but the statement is made that "these rates of reduction for new members are expected to be 55% in the eighth year and to increase gradually, though it is proper to mention the liability to fluctuation." This statement related to the premium rate of £3:0:9 above indicated, but from later information it would appear as if the premium rates had been reduced. If so, doubtless the estimated dividend reduction in the 8th year would be correspondingly reduced.

A policy of similar character taken in one of the well-known Old Line Life Insurance companies of the United States would involve a premium payment of $23.48 per $1,000, and there would be a dividend reduction commencing at the end of the first year and increasing annually thereafter. The first dividend reduction in the American company would be over 20%. The failure to make any dividend payment for seven years in the London Life Association accumulates a considerable fund which necessarily implies much larger dividends afterwards. It is somewhat

along the lines of the old and discredited semi-tontine principle.

The London Life Association quotes a premium (according to figures at hand) of £4:0:3 for a 20 Payment Life Policy at age 31—or over $40 per $1,000. The Old Line American company above referred to gives a rate for the same policy of $33.49 per $1,000.

The London Life Association, Ltd., is an excellent old institution, but apart altogether from the question of financial gain, I cannot see the advantage to an American of taking insurance in a British company. British companies have to pay a very high income tax rate, and the proceeds of policies in British companies might be taxed as an inheritance in the future, even although, I am informed, the practice hitherto has been to waive the rights to such taxation. There is a danger that a policy payable to an American citizen might therefore be taxed not only for British purposes, but also for American—double taxation. Moreover, there does not seem to be any important financial benefit likely to accrue. No one can foretell the future, but, judging from the past, the American companies have been able, by increased interest earnings and favorable mortality rates, to maintain a net cost which has enabled them to compete very favorably with the best British companies.

WHAT THE NEWS MEANS

(*Continued from page* 1140)

More Oil Mergers—

—are in the offing. It is reliably reported that negotiations are under way affecting several companies not mentioned in the sale of Doheny's controlling stock in Pan American Petroleum & Transport. Marland and Standard of New Jersey are mentioned as figuring prominently in the proposed amalgamation, but what form the new combinations will take has not been disclosed.

* * *

Copper Continues to Suffer—

—from overproduction. Output in March was 92,202 tons compared with 82,907 tons in February. Stocks of North and South American producers totaled 383,976 tons on April 1, compared with 373,962 on January 1 and 370,498 tons on October 1 last. The buying wave which promised to lift the industry out of the doldrums a few months ago has subsided, and copper has dropped back into a rut again. Again it is a case of wait.

* * *

Delaware & Hudson Melon—

—is Wall Street's expectation. Segregation of the company's coal properties is taken to mean that not only will a melon be cut but also that the move clears the way for a consolidation. The market action of Delaware & Hudson's stock has done much to confirm such opinions.

Bank and Insurance Stocks

Quotations as of Recent Date‡

National Banks:	Bid	Asked
American Exchange (16)	375	385
Chase (20A)	194	198
Chatham & Phenix (16)	296	300
Chemical (24)	645	655
City (20B)	435	440
Commerce (16)	350	354
East River (13)	225	...
First (N. Y.) (60)	2450	2550
First (Brooklyn) (12C)	450	...
Garfield (12D)	335	342
Gotham (6)	150	180
Hanover (24)	970	1000
Harriman (10E)	470	490
Mechanics & Metals (20)	392	397
Park (24)	445	452
Public (16)	442	450
Seaboard (16)	150	...
Trust Companies:		
Bankers (20)	454	459
Central Union (24F)	715	745
Equitable (12)	252	255
Farmers L. & T. (9)	445	450
Guaranty (12)	318	322
Irving Bk.-Col. Tr. (12)	242	246
Lawyers T. & G. (10H)	220	227*
Manufacturers (16)	340	350
United States (50)	1570	1610
Insurance Companies:		
American Surety (6)	127	130
Continental (6)	107	110
Globe & Rutgers (28)	1375	1425
Hartford Fire (20)	560	570†
National Surety (4.24)	207	212

A—Includes $4 from Chase Securities Corporation.
B—Includes 50c and 50c extra paid quarterly by National City Co.
C—2% extra, 1/2/24.
D—3% extra 12/31/24.
E—5% extra 7/10/24 and 1/2/25.
F—4% extra 1/2/25.
G—Interim dividend of $2 paid 3/2/25 to holders of record 2/21/25.
H—1% extra 7/1/24 and 1/2/25.
‡Dividend rates, in dollars per share, shown in parenthesis. *Ex-rights. †Ex-dividend.

BANK stocks declined with the general market during the liquidation period encountered last March, the reaction in large measure representing disposal of speculative holdings by those hopeful of repurchasing at lower levels. Following this setback, there was a quick recovery, after which prices again eased off slightly. Most recently, demand for bank stock issues has improved considerably, and at the present writing they appear stronger than for some time past. General belief is that, from the standpoint of technical position, issues in this group have benefited considerably, and are now pretty firmly lodged.

Feature of the bank stock world, from the practical banking viewpoint, in recent weeks has been the movement toward opening new branches in the metropolitan district. National Park Bank, with two new branches opened, and National City and Chemical National were among the institutions whose expansion in this direction has been most recently announced. The movement is in line with the steady process of expansion which has characterized the metropolitan bank field practically from its inception.

Along the same lines, the announcement of the absorption of the Yorkville Bank by the Manufacturers Trust aroused considerable interest. The history of the Yorkville has been particularly brilliant in recent years, reflecting the benefits of a cohesive clientele, and its absorption by the Manufacturers Trust brings the latter institution up in line with the larger trust organizations of the metropolitan district.

Insurance stocks, often grouped with the stocks of banking institutions in the broad category of "bank stocks," shared the tendencies of the bank stock group in general. Continental, which was reviewed in a recent issue of this publication, continued firm on its yield basis of approximately 5.30%. Public interest in the stocks of fire insurance companies is increasing as the unique appeals of this particular group become better understood. Among these appeals are the growth of general business, the "re-insurance" reserve funds, and the "investment trust" features of the insurance company's operation.

WHEN ARE GILT-EDGE BONDS SAFE?

(*Continued from page* 1098)

stocks would have been even more pronounced.

It would have been of interest had Mr. Smith tried out a more *representative* assortment of stocks, including, say, all of the issues available in proportion to the stock outstanding.

But even with the choice of securities favorable to bonds and unfavorable to stocks rather than representative, in only one case does Mr. Smith find an excess of advantage for bonds. This is Test 6, where Boston investors are supposed to have invested $10,000 in bonds in 1866 and, at the same time, $10,000 in assorted stocks. When they compared notes twenty years later it was found that the total income from stocks was $13,169 and that from the bonds $12,155, showing a slight excess in favor of stocks, so far as this item

of *income* is concerned. But if we count the increase in the *capital value* of the securities, the advantage was reversed, making a net advantage for bonds of $1,012.†

This period was, as is well known, a period of rapidly falling prices so that the bondholder, so far as the element of change in the dollar is concerned, was benefited thereby.

On the other hand, during periods of rising prices, such as 1901-1922, the stockholder had a very decided advantage. Test 1, for instance, shows that as between $10,000 invested in 1901 in stocks and $10,000 invested at the same time in bonds, there was a net advantage in favor of the stockholder, of principal and income together, of $10,981.

In all these comparisons the advantages are reckoned in the actual dollars received, a reckoning which is imperfect (1) because of the variability of the dollar and (2) because of the unequal distribution in time of the returns from stocks and bonds.

Evidently the fairest comparison is to be made by computing the *rate of yield* in the various investments in the sense that this phrase is used in the ordinary bond tables. In this way we find the *real* yield as distinct from the *nominal* yield. The distinction is somewhat analogous to that between real and nominal wages.

The rate of yield on any investment is that rate of interest which, if used for discounting the income and principal to be received, would give an aggregate discounted value at the time of purchase equal to the purchase price. Thus the rate realized on a five per cent bond, running twenty years, purchased at par and redeemable at par, will be five per cent. But if purchased at 110 the rate realized will be 4.3%. While if it is purchased at 90 the rate is 5.9%. The rate of yield when the calculations are in terms of dollars (uncorrected for variations in purchasing power) differs from the rate calculated in terms of dollars *corrected* to a uniform purchasing power, say prewar dollars.*

If we apply this yield idea to the various tests which Mr. Smith has made we find results as in Table I.

We see, for instance, that the man who in 1866, under Test 6, invested in bonds and redeemed or sold them in

**I am indebted to Mr. Carl Barth for devising and providing me with a specially constructed slide rule to help in these computations. The method used involves (1)—for obtaining the last column—translating each individual item of income, as well as the principal, into "corrected," or pre-war, dollars by means of an index number; (2) averaging the income items thus translated (not strictly by the arithmetic average; the best average theoretically is given in my "Appreciation and Interest," 1895, page 369, and "The Rate of Interest," 1907, page 373); (3) obtaining the rate of yield by means of bond tables or the slide rule; (4) checking the result by actually discounting each individual item to the purchase date from the time it accrues; (5) if the check is not exact, trying a slightly different rate; (6) interpolating between (4) and (5) by proportional parts, to obtain the correct rate.*

† Even this advantage disappears when the more rigorous methods described later are employed.

1885, made 6.8% on his money, reckoning in actual dollars, while, reckoning in pre-wars, he made 11.7%. Again, under Test 1, 1901-22, the bondholder nominally made 4 per cent but really only 1.1 per cent.

It is clear that, when prices were falling, as between 1866 and 1885, and, less strikingly, 1880-1899, the bondholder fared much better than he did when prices were rising as between 1901 and 1922. During rapidly falling prices the bondholder often made over 10 per cent in *real* yield, while sometimes during rising prices he did not make 1 per cent! In fact if Mr. Smith had stopped at 1920 the real bond yields would have been less than nothing. Between 1896 and 1920 the fall of the dollar virtually wiped out interest altogether. The "reward of thrift" was less than zero!

If we subtract the bond yield in each case from the stock yield, we find the following differences respectively, all in favor of stocks except one which is even. The advantage of stocks is much greater during rising prices (as 1901-22) than falling (as 1866-85). This is shown in Table II. Sometimes the stockholder gets as much as 5% more than the bondholder. In one case, Test 3, the stockholder gets nearly six times as great a real yield as the bondholder.

We may also note that the stockholder enjoys a *less variable real yield* than the bondholder! The stockholder's yield varying between 2.7% and 14.0% or 5.2 fold, while the bondholder's varies between 0.8% and 11.7%; or 14.6 fold.

We shall never do justice to the bondholder and give him *in reality* the steady and safe income he pays for until we can guarantee him a stable dollar as we guarantee a stable yard or pound, and every other unit in commerce except the dollar.

Meanwhile, it behooves every investor who seeks safety and steadiness of yield to weigh well the fact that every investment, most of all bonds, involves a speculation in the value of the dollar, just as risky as other speculations, and that in the absence of any real safety, his next best recourse may be a well arranged assortment of common stocks.

WILSON REORGANIZATION

(Continued from page 1106)

the comparative balance sheets accompanying this article. It will be seen that the company's total assets have been revalued and reduced from 121.5 millions, as of December 31, 1923, to 119.0 millions. In place of the former 10.07 millions 7% cumulative preferred the new preferred shares, presumably entitled to dividends at the same rate as the old, will total 29.27 millions.

The no par Class A shares constitute an entirely new security, convertible share for share into common and entitled to a $5 dividend. The amount

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of these shares outstanding will probably be 439,815 shares valued at 27.45 millions. Common stock capitalization will be increased from 202,181 shares of no par value to 365,959 shares, also of nominal par value. The equity for this stock, as indicated by the estimated balance sheet, will be scaled down from 40.17 millions to 5.33 million dollars.

While the company's bond and stock capitalization is increased from a total of 77.26 millions to 92.74 millions by the reorganization, actually, its financial structure will be greatly improved. This result is brought about by the reduction of funded debt and bank loans, already referred to, and by reason of the healthier relationship existing between these items and the amount of junior securities outstanding.

The working capital position is likewise materially strengthened. Ratio of current assets to current liabilities, on the basis of the reorganized company's estimated balance sheet, will be approximately 3.8 to 1. This compares with a ratio of only 1.8 to 1 at the close of 1923.

Earnings of Wilson & Co. last year were affected, to a dègree, by the receivership tangle. Gross sales amounted to 225 million dollars in contrast with 275 millions the year before. Net income, after all charges, including depreciation, was equivalent to $6.93 a share for the old common stock compared with $8.60 a share, before depreciation, the year previous. This showing would seem to demonstrate that, under reasonably favorable conditions, Wilson & Co. may be expected to show satisfactory results. It is to be recalled, in this connection, that Wilson & Co. had a good record before the difficulties of late years precipitated the present crisis.

As a means of gaging the position of the various securities of the new company, it is interesting to apply the 1924 net earnings to the new capitalization. On this basis, we find that interest requirements would have been earned nearly 2.9 times over. *It is apparent, therefore, that the first mortgage 6s are in a sound position. At current price around 97 they yield 6.3% to maturity. They should be retained.*

The interests of the convertible bond owners will, of course, be bound up intimately with the junior securities henceforth. The preferred stock will doubtless be placed upon the full 7% dividend basis as soon as the reorganization is completed. This would mean the equivalent of $42 yearly interest on each $1,000 face value of convertible bonds. Indicated earning power of the company suggests that it will have no difficulty in covering dividend requirements on this security twice over. Again applying last year's income, the new preferred would show $14.95 a share earned. *Those who receive this stock in exchange would do well to hold it. Selling around 74, on a when issued basis, it seems underrated.*

The Class A shares may not be placed upon a dividend footing at once. Net income for 1924 was at the rate of $6.36 for this issue, however, indicat-

ing the company's ability to show a fair margin over the contemplated $5 payment. In the event that dividends are paid on both 7% preferred and Class A shares at full rates, the return to convertible bond holders would be equivalent to $79.50 per $1,000 face value of their former holdings. Doubtless the fact that the banks will hold a considerable block of this stock, together with the preferred, will have some bearing upon inauguration of dividend disbursements at an early date. The Class A shares are quoted around 33 and, while speculative, need not be sacrificed.

The common stock's future can only be determined by the company's performance under the new conditions. Dividends are not in early prospect, nor are the shares, presently quoted around 14, especially attractive for non-holders.

WHAT SHOULD PUBLIC UTILITY SHAREHOLDERS DO NOW?

(*Continued from page* 1111)

common stock has sold on a relatively low yield basis. This is due to the fact that the region in which it operates has vast undeveloped possibilities which should some day make Montana Power a dominant link in the utility industry. The up-building of this section, is, however, a matter of years.

Meanwhile, the company's earnings have shown a rather close connection with the state of mining activities in the Montana-Idaho district. For the past ten years, net profits averaged $5.02 a share for the common, including $4.49 a share last year. They have fluctuated between a high of $8.46 in 1916 and a low of $1.99 in 1921. Dividend changes have been equally irregular. The highest rate paid was $5 a share during 1917 and 1918.

While outlook for the company's leading consumers is such that gross should continue to hold up to last year's level, there is nothing in the picture to suggest a material gain in profits. Larger dividends probably will not be forthcoming in the near future. Paying $4 a share, therefore, and selling around 65, Montana Power yields 6.2%. Its chief attraction consists of long range possibilities, based upon future growth of the Mountain States.

Hudson & Manhattan Railroad preferred offers the advantage of a more liberal dividend return with good prospects for enhancement in market value. The earnings of this inter-state, passenger railway, operating between New York City and points in New Jersey, have shown a steady upward trend in the past several years. Around 65 a share, this security, paying $5 a share, yields 7.7%. The preferred stock was placed upon a dividend basis in August, 1923. Lack of seasoning appears the only excuse for the present attractive yield, a condition that is likely to be corrected in due course as the shares become lodged in the hands of investors.

NUISANCE VALUE STOCKS

(Continued from page 1109)

"nuisance value" for their stock that would make it desirable on the part of New York Central to purchase their holdings even though a high figure would have to be paid.

The stock at present levels of 175 possesses interesting possibilities for the investor who is willing to accept a very low return for perhaps several years with a view of ultimately gaining a handsome profit.

CHESA. & OHIO A group of minority stockholders of the Chesapeake & Ohio have formed a protective committee to fight the terms under which it is proposed to lease the road to the Nickel Plate System. On the basis of 1924 earnings the Committee claims that Chesapeake & Ohio would contribute 46 per cent of the total earnings of the combined properties, whereas the proportion of the combination's earnings in which C. & O. stockholders would have an equity through the proposed exchange terms would be only 25.3 per cent. On the other hand interests who believe the merger plans to have been drawn along equitable lines point out that C. & O. earnings in 1924 were unusually large due to special conditions in the coal industry which favored the non-union mines served by the road. It is also pointed out that other factors enter into the situation such as Erie's immensely valuable coal properties which in the future should have a much larger earning power.

There is a good deal to be said on both sides on this question and as the Van Sweringens control the majority of the stock it appears probable their will will prevail and the merger go through as scheduled. The minority group will take the question into Court before the lease can be executed contending that the road is being "stolen". That sufficient proof can be brought forward to sustain any such contention, before a court of law, does not appear likely.

Chesapeake & Ohio stock at present levels is selling close to the market valuation of the securities that will be received under the terms of the merger. *The stock is a good long pull holding but it does not appear to the writer that minority stockholders will be successful in obtaining better terms.*

ERIE RAILROAD The terms of the lease of the Erie Railroad to New York, Chicago and St. Louis provide for the payment into the Erie treasury of an amount equal to 3 per cent on Erie 1st preferred, 3 per cent on the second preferred and 2.40 per cent on the common stock, which is not exchanged for Nickel Plate common. Such payment is equivalent to the returns anticipated for stockholders who accept the exchange offer.

Performance

Acceleration—5 to 25 miles per hour in less than seven seconds! Have you ever owned a car that would duplicate that?

Step on her—instantly she is away!

No hesitation—no choking of carburetor—no stalling just at that critical moment when you want all the "get-up-and-go" necessary to take you away from there!

It will be a revelation, when, with your own hand at the wheel, you first enjoy this new sensation.

Perfect carburetion is only one of the reasons for this unprecedented performance—and it is unprecedented—in our experience as well as in your own.

A crankshaft of such dimensions and so rigidly held in seven large bearings that it cannot deflect a thousandth of an inch under the terrific strains of full-charge at slow speeds;

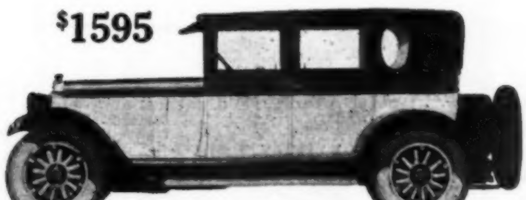
Perfectly timed ignition; perfectly balanced parts and perfectly proportioned combustion chambers;

These are a few of the many fine engineering features, which in this Rickenbacker Six, result in a phase of performance you have long desired but never before experienced.

Drive this Rickenbacker "Six" yourself—it will be a revelation to you.

Rickenbacker Motor Company, Detroit, Michigan

$1595



f. o. b. Detroit, plus war tax

The only 4-door Coach-Brougham on the American Market

Rickenbacker

A · CAR · WORTHY · OF · ITS · NAME

As Erie 1st preferred is entitled to $4 a share before the second preferred or common stocks receive anything obviously the first preferred stock that is not exchanged would be entitled to all of this income until $4 a share was paid. Under the circumstances, holders of the second preferred and common stocks who do not make the exchange are at a distinct disadvantage and the probabilities are that before long practically all the second preferred and common stock will accept the plan. It may be of course that through neglect or poor judgment a certain amount of the two junior issues will not be exchanged for some time and bring in an income to the Erie treasury that would permit the payment of somewhat more than $3 a share on the 1st preferred. *Holders of the first preferred stock have nothing to lose by not exchanging their shares and may temporarily enjoy a slightly higher return by staying out.*

PERE MARQUETTE The lease of the Pere Marquette to the Nickel Plate System provides that non-assenting minority stockholders will in the case of the preferred shares receive 5 per cent per annum and in the case of the common shares 4½ per cent per annum. Under these terms preferred shareholders who do not exchange will receive less than if they accepted the exchange and common stockholders will receive the same dividend return. *In view of the terms of the lease it is apparently to the advantage of the preferred stockholders to exchange their securities and common stockholders gain nothing by holding out.*

HAVE YOU GOT YOUR $3,000 YET?

(*Continued from page* 1100)

1922 being matched by only 730 millions for 1922.

In other words we are becoming a much richer and luxurious nation with our material development lying chiefly in the direction of industrialism rather than the development of natural resources. In view of the fact that natural resources are more or less of fixed quantities, while population is a steadily advancing factor, that evolution is natural and logical. With that as a theme an imaginationist might write a very interesting story portraying the America of a hundred years hence.

Suffice for the time that we are the most powerful as well as the world's richest nation. But wealth and power are always breeders of envy and dislike. Our problem, then, is not only to maintain our material advantage but to do so in a manner which will not arouse the antagonism of the rest of the world. That will require the best efforts of our best brains.

WHY COMMUNISM IS A JOKE TO AMERICAN LABOR

(*Continued from page 1095*)

3. Strengthen unions through amalgamation and the building up of Shop Committees!
4. Down with the criminal syndicalist laws, deportation laws and general persecution of working class militants!
5. Support the Michigan defendants by supporting the Labor Defense Council!
6. Demand the immediate release of all class war prisoners!
7. Fight for the protection of the foreign-born!
8. Down with the compulsory religious training in the public schools!
9. Down with imperialism, militarism and war!
10. Fight the Dawes plan!
11. Demand complete liberation of the Philippines, Haiti, Santo Domingo, Mexico and all other Central and South American republics from the yoke of American imperialism!
12. Fight for the recognition and support of Soviet Russia!
13. Fight for world Trade Union unity!
14. Support the Anglo-Russian Unity Committee!
15. Down with all discriminations against the Negro Race!
16. Stand by the victims of international class struggle supporting the International Red Aid!
17. Down with capitalism!
18. Down with the government of Strike-Breaker Coolidge and Open-Shopper Dawes!
19. Hail the Workers and Farmers Government!"

It is perhaps too early to appraise the great impetus that has been given in this country the last few years to the ownership of capital by labor. Certainly it is a powerful anti-socialism move. It has been exploited unduly, perhaps, by our enemies in the hope that it would undermine our organizations. I am speaking only my personal views but I for one am ready to take a chance on the trap, if it is one. It is as likely to catch the other fellows as us. Anyway, how can you reasonably oppose the new movement?

The laborer ought to save, and if he does save he must invest; that he can hardly do beyond a limited extent except by putting his savings into bonds and stocks. If he merely leaves them in the bank, even in his own banks, they must take the form of capital applied in some business. Why, then, should he not acquire the securities of the industry that employs him, concerning which he is very likely to have a shrewd judgment based on his personal contacts? Perhaps in doing so he may, as the promoters of the employee-ownership drives no doubt hope, come to get something of the other fellow's —the manager and the non-working

capitalist—point of view, and become more of a capitalist and less of an employee in his outlook on industrial relations. If labor and capital get together on a basis of mutual recognition and fair dealing that will do no harm.

On the other hand, I suspect that your labor-capitalist having got a taste of ownership will want more and more funds with which to get it. Once a man gets started in saving and gets a taste of interest and dividends he is keen for more. So, I think the labor-capitalist will not lose any bets in the matter of looking after his own personal earnings; rather will he be more zealous to safeguard them, as the goose that lays his investment eggs. He will take all the wages he can get—and his capital earnings, too. As I see it our labor banks, our building and loan societies, our extensive investments in industry, are all right in line with our fundamental policy of making industry serve labor just as fully and faithfully as the other human factors in production.

In the early days of industry, the handful of capitalists and laborers were pretty well scrambled together; perhaps we may be working toward a way of returning to that condition. As a labor leader I can't quarrel with a proposition to make labor own business, can I? How can I oppose a worker being a capitalist when I support the capitalistic system of economic organization? Wall Street may be a factor in social justice without knowing—or caring to be—it.

In the meantime America has the immensely important fact to count on that American labor is not socialistic. Whether it shall continue so may depend in no small degree on how much sagacity and breadth of vision employers have in dealing with collective labor—the labor organizations. It is conceivable that in despair and resentment American labor may yet give up its co-operative mood and constructive bent and join the destroyers.

LEADING DEPARTMENT STORE STOCKS COMPARED

(*Continued from page* 1120)

good grade industrial investment. Common stock ordinarily does not have a wide or active market. Its price level has steadily advanced, although the rise from the initial level of between 50 and 55 has not been extraordinarily large. *At the same time the shares are not on the "bargain counter" and until expansion policy becomes more apparent in the income account, and until there can be some clue to dividend probabilities instead of possibilities, the shares are likely to continue in neutral ground.*

MAY DEP'T STORES May Department Stores is one of the older of the department store organizations as regards length of time in which its securi-

ties have had a public market. The company, in its present form, was incorporated in 1910 and expansion has been westward. Stores are operated in Cleveland, St. Louis, Denver, Los Angeles, and lately it was reported that control of a Portland, Oregon, establishment has been acquired. Like the rest of the department store companies the record of the past few years has been one of property expansion, construction of equities and a conservative dividend policy. Since 1918 the common stock outstanding has increased from $15,000,000 to $26,000,000. There has been a decrease in preferred stock. As a matter of record, charges prior to the claims upon the common stock amount to less than $500,000 annually.

From time to time there have been rumors that May Department Stores would declare a stock dividend and increase the cash dividend rate, which is now $5. The expectation of this development was based largely upon the acquisition of a store in Los Angeles something over a year ago, an acquisition which, it is estimated, added $2 a share to common stock earnings, and which was put through without financing.

As late as December, officials said that a stock dividend was not under discussion. Nevertheless, these denials have not, or rather did not, cause liquidation of the stock nor take a large slice from market values.

The record shows that the earning power of May Department Stores has been steadily upward during the past ten years, that expansion has been accomplished without resorting to borrowed capital and that dividend policy always has been well within the limits of earned surplus. Therefore, the case of May is not unlike the case of Associated Dry Goods, except that the appreciation in price of the common stock has not been nearly so pronounced. Furthermore, the floating supply of May Department Stores is larger and probably has a wider distribution than the shares of Associated Dry Goods.

The closeness of the common stock to earnings and to accumulated equity makes an appeal, and it is a logical statement that eventually the holders of May Department Stores common will receive a larger income.

The 7% preferred stock is absolutely a good grade investment, strongly protected and safe. From the standpoint of equity values and outlook for further expansion of earnings, the common stock is probably not high, but the immediate income return is small and, as in the cases of the common shares of other department stores, this stock has recognized to no small degree the stability of earnings, their steady increase and the outlook for continued success.

For Feature Articles to Appear in the Next Issue See Page 1087

AN OBJECT LESSON IN GOOD INVESTING

(*Continued from page* 1102)

(16) If he passed on tomorrow, his estate, at 6%, would yield an income of $3,000 a year, or substantially more than the Living Costs, as analyzed above.

All of which data, considered together, evidently justifies the following conclusion:

Mr. Average Reader is a pretty sound man, financially, and a pretty wise one. He is in a position to help forward the industrial development of the country, and he shares in that development in a manner which insures a reasonable "participating profit" for himself.

Often, indeed, he deserves an especial meed of praise. Thus, consider the statement of Case 135:—

"*In* 1908, *after being married and paying all expenses, my cash balance was* $50.

"*My present capital* ($80,000) *has been accumulated wholly by savings from a small business plus life insurance and investments.*

"*My present age is* 37.

"*Not too bad?*"

We should rather emphatically say not. Financial Independence this side of 40, by a man who started in at 20—well, it doesn't happen very often—

Although it seems to be happening more often nowadays than it use to do.

Securities Analyzed in This Issue

IDEAS - SERVICE - COMMODITIES

THE OPPORTUNITY EXCHANGE

A Clearing House For Business Men

MEN - AGENTS - BUSINESS OPPORTUNITIES

Business Opportunities

LARGE MANUFACTURERS ATTENTION!

To large outside manufacturers seeking location in Chicago or Chicago manufacturers who are compelled to expand, I offer a most exceptional opportunity, approximately 350,000 sq. ft., with rare shipping facilities. The main line of one of the largest R. R.'s in the country adjoins the property with a track frontage of nearly 1,200 feet. Direct connections with the main line of another road equally important alongside the property and with the Chicago Belt line; also 1,200 ft. of frontage on Deep Waterway canal. The very best railway and waterway facilities that any point in the country affords. Its conspicuous location also affords unusual advertising advantages. An exceptionally rare property within a 3 mile radius of the loop at approximately $2 per sq. ft.
FRANK GILLILAND, EXCLUSIVE AGT.,
25 N. DEARBORN ST.

MANAGEMENT TRADING ACCOUNTS IN GRAIN AND COTTON
A personal service for customers desiring someone experienced to trade actively for them. CYRUS A. SMALE, Box 315, Washington, D. C.

Resistance Levels in the Stock Market; cycles; charts; how to use them in trading, speculating or investing; send for descriptive circular. L. H. WESTON, Brightwood Station, Washington, D. C.

Real Estate for Sale

VIRGINIA APPLE ORCHARD

Ideal location, 112 acres, adjacent to Winchester in heart of beautiful Shenandoah Valley apple belt. Superior varieties in full bearing, with profitable special markets established. Own cold storage. Modern home all conveniences. An income producing property complete, affording best of country life in delightful southern community. Ridgewood Orchard, Winchester, Virginia.

Resorts

When in Europe this summer, you will find The Magazine of Wall Street at the

GRAND HOTEL in BRUNNEN,

SWITZERLAND, the finest house on Lake Lucerne. GOLF and all Sports.
A. BENZIGER, Proprietor

Dividends

COLUMBIA GAS & ELECTRIC COMPANY

The Board of Directors has this day declared the following regular quarterly dividends:

Cumulative 7% Preferred Stock, Series A
No. 3, $1.75 per share
Common Stock (No-Par Value)
No. 34, 65 cents per share

Both dividends are payable May 15, 1925, to shareholders of record at the close of business April 30, 1925.

EDWARD REYNOLDS, Jr.,
April 16, 1925. *Treasurer.*

Books for Sale

METHOD IN DEALING IN STOCKS
By Joseph H. Kerr, Jr.
A book of Stock Market Indications

Method of forecasting and factors of market, presented in an entirely new way, for the market student who makes his own forecasts.
For Description send for M-9.

Price $2.65 Postpaid

THE SPECULATIST COMPANY
Publishers Uniontown, Pa.

Charters

DELAWARE incorporator; charters; fees small; forms. Chas G. Guyer, 901 Orange St., Wilmington, Del.

Dividends

Savannah Sugar Refining Corporation

The Directors of Savannah Sugar Refining Corporation have declared the regular quarterly dividend of 1¾% on the preferred stock and $1.50 per share on the common stock of the Company, both payable May 1, 1925, to stockholders of record at the close of business April 15, 1925. Checks will be mailed.

W. S. PARDONNER, Treasurer.

CLUETT, PEABODY & CO., Inc.
COMMON STOCK DIVIDEND No. 39

The Board of Directors has declared a quarterly dividend of One Dollar and Twenty-five Cents per share on the Common Stock of the Company, payable May 1, 1925, to Stockholders of record at the close of business April 20, 1925. Checks will be mailed by the Irving Bank-Columbia Trust Company.

D. A. GILLESPIE, Treasurer,
Troy, N. Y., April 8, 1925.

WESTINGHOUSE ELECTRIC
& MANUFACTURING COMPANY.

A Dividend of two per cent ($1.00 per share) on the COMMON STOCK of this Company for the quarter ending March 31, 1925, will be paid April 30, 1925, to Stockholders of record as of March 31, 1925. H. F. BAETZ Treasurer.
New York, March 20, 1925.

Printing

LITHOGRAPHED LETTERHEADS

For $1.25 PER THOUSAND

COMPLETE

THIS exceptionally low price applies to lots of 25,000 lithographed in black on our White Paramount Bond, 20 lb. basis. On billheads, statements, note heads and half size letterheads, size 5½" x 8½" our price is 90c. per thousand. If you have no engraving we will furnish one at actual cost. This charge is made on your first order only. Booklet of engravings and prices, also samples of our work will be sent you on request.

Lithographed Envelopes to Match $1.50 per Thousand

GEO. MORRISON CO.
422-430 East 53rd St., New York City
TELEPHONES PLAza 1874-1875
Established 1898 Incorporated 1905

5,000 Hammermill Bond Letterheads, $14.00; 10,000—$24.00; 25,000—$56.50; 50,000—$108.00; 100,000—$213.00. 8½ x 11 20 lb. Envelopes to match, same price. William W. Webb, Salisbury, Md.

Dividends

Remington Typewriter Company
Second Preferred Dividend No. 70 and 71

NEW YORK, April 14, 1925.

The Board of Directors has this day declared two quarterly dividends of $2.00 each per share on the Second Preferred stock, payable May 12, 1925, to stockholders of record May 1, 1925.

HAROLD E. SMITH,
Secretary

Meetings

Meetings

National Enameling and Stamping Company
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
APRIL 30, 1925

In pursuance of a resolution adopted by the unanimous vote of the Directors present at a meeting of the Board of Directors of the National Enameling & Stamping Company, held on March 11, 1925, notice is hereby given that a Special Meeting of the Stockholders (common and preferred) will be held at the principal office of the Corporation, Nos. 243-245 Washington Street, Jersey City, New Jersey, on Thursday, April 30, 1925, at 2 o'clock in the afternoon, for the purpose of taking action upon:

(a) A proposed amendment of Subdivision 4 of Article Eighth of the Certificate of Incorporation (heretofore declared by resolution of the Board of Directors to be advisable) providing, in substance, that the Board of Directors shall have power to fix the number, powers and compensation, if any, of the members and officers of the Executive Committee, by the adoption of appropriate by-laws from time to time, and that unless, and until, otherwise provided by by-law, the Executive Committee shall be composed of eight directors, including the Chairman of the Board, and the President, who shall be members thereof by virtue of their respective offices; and, providing that the members of the Executive Committee shall not be removed during their current terms as directors, except upon the concurrent votes of not less than the majority of the entire Board of Directors, and conferring upon the Executive Committee the power to appoint a secretary, fix a quorum, and to make resolutions and regulations for the conduct of its business.

(b) Any other or different amendment to Article Eighth of the Certificate of Incorporation which, having been declared to be advisable by resolution of a majority of the Board of Directors, shall be submitted to said meeting.

(c) Any other matter which may be submitted to said meeting with reference to the affairs of the Corporation.

Dated, March 25th, 1925. HAYWARD NIEDRINGHAUS, *Secretary.*

HIGH COST OF FOOLING YOURSELF

(*Continued from page 1123*)

etc., which we have referred to as illustrations, people generally know at least what they want, even though they may not always be aware of the final cost. In investments, however, a large proportion of otherwise intelligent people give continual evidence that they do not know what they want, or rather what they need.

Holding What Should Be Sold

A childlike faith is sometimes shown in an investment that one has held for a considerable length of time or has inherited. It may be a common stock in a company that has been prosperous in the past but has less favorable prospects for the future; there are many such companies. There is often a tendency to hold to it with a sort of sentimental attachment, when actually the circumstances of the investor might warrant switching to a quite different type of security. A proper test in such cases seems to be embodied in this question: "If I did not now hold this security, would I buy it at the present market price?" If you would not do so, it is no doubt because you consider the market price to be more than the real value or because you do not consider this investment best adapted for your particular circumstances. This should be sufficient reason to switch to something else. An investment that a business man leaves when he dies may not be at all the best thing for his dependents to hold, and, in this matter, it may prove a costly experience to be influenced by sentiment.

Whose Requirements Should You Consider?

We all know the argument of the stock salesman, "Mr. Blank has bought some of this stock; if it's a good investment for him, it's surely a good one for you." Never was there worse logic or more pernicious argument than this. You may be a widow, dependent upon the income of a small investment which should be strictly safeguarded, whereas Mr. Blank may be a man of large means who can safely take a chance. It would be just as reasonable to say that, since dog biscuits are good for a dog, they are just the thing for the baby.

The investment market covers such a wide range in yield, security and method of payment that there is available for the investor the exact variety that he may need and this variety is further increased by tax exemption features which are of benefit to one and not to another. To one not familiar with these details, the purchase of securities without sound advice may be as disastrous as the indiscriminate use of patent medicines. The gist of the whole matter is: know what you want and need and what it is worth to you and then get your money's worth.

$25,000,000

Missouri Pacific Railroad Company

First and Refunding Mortgage 6% Gold Bonds, Series "E"

Due May 1, 1955

Coupon bonds in denominations of $1,000 and $500 registerable as to principal and exchangeable for fully registered bonds. Registered and coupon bonds interchangeable under conditions provided in the mortgage. Interest payable May 1 and November 1.

The entire series will be redeemable at the option of the Company, as a whole only, on any interest date on or before May 1, 1950 at 107½% and accrued interest, or on any interest date thereafter at their principal amount and accrued interest, plus a premium of ½% for each six months between the redemption date and the date of maturity, upon not less than ninety days previous notice.

The issuance and sale of these Bonds are subject to the approval of the Interstate Commerce Commission.

William H. Williams, Esq., Chairman of the Board of the Missouri Pacific Railroad Company, in a letter dated April 16, 1925, copies of which may be obtained from the undersigned, writes in part as follows:

"The purpose of this issue is to provide the Company with the necessary funds for the redemption of $9,044,000 principal amount of First and Refunding Mortgage Bonds, Series "C," which are to be called for redemption on August 1, 1925, to reimburse the Company for capital expenditures already made and to provide funds for additional capital expenditures.

The First and Refunding Mortgage Bonds are secured on 6,734 miles of railroad of the Company, upon valuable terminal properties, depots and bridges, upon all the equipment owned by the Company having a depreciated book value as of December 31, 1924, of $50,935,461.44 over outstanding equipment trust certificates and upon $23,703,000 par value of preferred stock of The Texas and Pacific Railway Company, subject to $125,981,500 of prior lien bonds on various parts of the system, for the retirement of which, at or before maturity, First and Refunding Mortgage Bonds are reserved. The prior liens may not be increased; they may be acquired and deposited under the First and Refunding Mortgage without impairment of lien, but unless and until they have been so deposited they may not be renewed or extended. The First and Refunding Mortgage Bonds are a first lien on 3,299 miles of railroad and a refunding lien on the remaining 3,435 miles, subject to prior liens thereon as above stated. After giving effect to this financing, the First and Refunding Mortgage Bonds, including the amount of loans from the United States Government and short term notes secured by such bonds, will be outstanding at the rate of only about $26,500 per mile on the mileage on which the bonds are a first lien.

Following the First and Refunding Mortgage Bonds the Company has outstanding $51,350,000 of General Mortgage 4% Bonds due March 1, 1975, $71,800,100 of Preferred Stock and $82,839,500 of Common Stock, having a total present market value of approximately $118,500,000.

In addition to its directly owned lines the Company owns over 79% of the stock of New Orleans, Texas & Mexico Railway Company, which is pledged to secure $14,303,880 of Fifteen Year 7% Notes of Missouri Pacific Railroad Company, due 1939 and over 53% of the stock of The Texas and Pacific Railway Company. New Orleans, Texas & Mexico Railway Company in turn owns all the stock of International-Great Northern Railroad Company. Including these companies and their subsidiaries, the system operated by the Company aggregates 11,327 miles and extends from St. Louis on the East to Kansas City, Omaha and Pueblo on the West and to Memphis, New Orleans, Fort Worth, Dallas, Houston, Galveston, San Antonio, El Paso, the Gulf ports, the Rio Grande Valley and the Mexican border on the South and West. The Company also owns an undivided one-half interest in the common stock of The Denver and Rio Grande Western Railroad Company.

The income of the Company for the year ended December 31, 1924 (adjusted to give effect to the payment of dividends at the current rate of 7% per annum for a full year on the stock of New Orleans, Texas & Mexico Railway Company now owned by the Company),* after deducting interest on debt prior to the First and Refunding Mortgage Bonds, rentals, taxes (other than income taxes), etc., would amount to $13,247,294, while after the completion of the present financing the amount of interest on funded debt other than such prior debt (excluding interest on the General Mortgage bonds which are junior to the First and Refunding Mortgage bonds) will amount to $5,942,773 per annum. Such income for the first two months of 1925 was $645,390 in excess of the corresponding period of 1924 after crediting to the 1924 period dividends on the New Orleans, Texas & Mexico Railway Company stock.

The amount of bonds secured by the First and Refunding Mortgage which will be outstanding in the hands of the public after the present issue, aggregates $66,942,000, of which $17,840,500 will be 5% bonds and $49,101,500 6% bonds. $11,187,000 additional 6% bonds are pledged with the United States Government to secure loans aggregating $8,389,760 and $13,500,000 additional 6% bonds are pledged to secure $12,000,000 Three Year 5% Notes, maturing July 1, 1927. Under the terms of the mortgage, bonds are reserved to retire the prior lien bonds and further bonds may be issued from time to time for additions, betterments, improvements, construction or purchase of additional railroads, terminals, equipment and for other corporate purposes under the restrictions and limitations provided in the mortgage."

* Interest for a full year on the Fifteen Year Notes issued in payment of such stock is included in the statement of annual interest charges below.

THE UNDERSIGNED WILL RECEIVE SUBSCRIPTIONS FOR THE ABOVE BONDS, SUBJECT TO ALLOTMENT, AT 99¾% and ACCRUED INTEREST TO DATE OF DELIVERY.

The undersigned reserve the right to close the subscription at any time without notice, to reject any application, to allot a smaller amount than applied for and to make allotments in their uncontrolled discretion.

The above bonds are offered if, when and as issued and received by the undersigned and subject to the approval by any public authorities that may be necessary of the issuance of the bonds and their sale to the undersigned and to the approval by their counsel of all legal proceedings in connection therewith. Temporary bonds or interim certificates will be delivered against payment in New York funds for bonds allotted, which temporary bonds or interim certificates will be exchangeable for definitive bonds when prepared.

Application will be made in due course to list these bonds on the New York Stock Exchange

Kuhn, Loeb & Co.

New York, April 16, 1925

Subscriptions for the above Bonds having been received in excess of the amount offered, the subscription list has been closed and this advertisement appears as a matter of record only.

Speeding Brokerage Accounting

SPEED is just as necessary in brokerage accounting as in buying and selling.

Each customer's balance should be available every minute of the day. Each balance must be unquestionably accurate. Yet a mass of detail must be entered in the ledger.

That is why over 50 New York brokerage houses have installed the Underwood Bookkeeping Machine. They realize that the electrically driven Underwood enters any amount of detail, yet turns out more postings a day from each bookkeeper. They know that the Underwood system of proof insures accurate credit information on each individual account—*every day* in the month.

Let a representative explain how the Underwood Bookkeeping Machine will speed your accounting department.

UNDERWOOD TYPEWRITER COMPANY, Inc.
Underwood Building — New York City
Branches in all Principal Cities

UNDERWOOD
Bookkeeping Machine

"It took Industry out of the Shadow of the Pen"

With the Editors

Facts About Financial Advertising

IN a country so rich as the United States, there are boundless opportunities for investment. Millions of actual and potential investors form a fruitful field of legitimate exploitation for those engaged professionally in the banking and investment worlds. But because the average investor is to so large a degree dependent on what others tell him about his investments, a high degree of moral responsibility must necessarily be assumed by any and all who offer to give the investor advice.

Since all financial advertising, directly or indirectly, is a bid for the business of the investor, its success depends on the confidence which the advertisement creates in the mind of the investor. Whether or not the individual advertiser recognizes or realizes his moral responsibility to furnish honest information, it is clear that the investor assumes that such a responsibility exists. Obviously, those advertisers who have been able to create general confidence in their statements are the most successful as a record of financial advertising will show.

Selling of securities, unlike selling of commodities, is largely a question of rendering service to the investment public. The speed and efficiency with which such service is rendered helps to mark its value, but the honesty of the service is the most important factor, in the judgment of the investor. And the investor is correct in his assumption!

We are happy to say that the progress of financial advertising has been such that the leaders in the field do not countenance the practice of "Let the Buyer Beware." The best advertisers recognize their ethical obligations to the public and refuse to subscribe their name to any but the issues which they firmly believe in and which they believe may be bought to the profit of the investor. They recognize furthermore that such enlightened practice is excellent business. The investment world is built on faith and those who create faith in their methods of business inevitably profit thereby.

Furthermore, the more intelligent financial advertisers are aware that financial education has proceeded to such a point among the rank and file of investors as to enable the latter to easily detect fraudulent or exaggerated claims.

Finally, responsible financial publications exert the greatest discrimination in respect to the acceptance and publication of financial advertising matter. They do this as a protection to readers. Consequently, advertisements which appear in such journals may be said to have passed such close scrutiny as to warrant their consideration by the readers. This is obviously an asset to advertisers as well as a protective measure for the individual investor.

Such close censorship prevents our readers from losing thousands of dollars, as we closely examine all advertisements which are offered us. We are also happy to say that few firms which have advertised in THE MAGAZINE OF WALL STREET have failed, so that our readers have been spared from losses resulting from such causes. Naturally, the reader-confidence which has been built up by this policy has been the means of securing a good volume of business for our advertisers.

In the Next Issue

AFTER-EFFECTS OF ELECTION ON BUSINESS

THE question that business men and investors are going to ask is: Now that the elections are over, what will the effects be on business and securities? We have been gathering a great deal of data bearing directly on the subject and the results will be published in a forecast of particular importance at this time. You should not miss this valuable analysis.

THE MAGAZINE OF WALL STREET'S *RATINGS OF FOREIGN SECURITIES*

WITH foreign securities so much in the public eye we have arranged for the publication of our classification of these issues from the viewpoint of security of income and opportunities for price appreciation. Practically all of the important listed issues will be covered in this article.

THE RADIO CRAZE

SPECULATION in radio securities has been on a wholesale scale. Readers who remember the last article we published on radio stocks will recall that prices of issues covered in that article rose very sharply following publication. Are similar opportunities to be had in radio stocks or is the craze over-done?

THE OUTLOOK FOR THE OIL INDUSTRY

CONDITIONS are now shaping up for a fundamental change in oil prospects. What these conditions are and how they are likely to affect the principal groups of oil securities will be ably set forth in our next issue.

AMONG other articles there will be: The Outlook for the Tobacco Industry; A Series of Practical Security Switches; An Analysis of Leading Power Company Stocks and the prospects for Reading R. R.

With the Editors

NOWHERE in the world is there such widespread interest in securities and things pertaining to the investment markets as in America. Of late its growth has been remarkable. In the older countries, only the wealthy classes have a continuous interest in financial conditions.

Finance is much more democratic in this country. Nearly everyone is interested in securities, perhaps because our speculative proclivities are so pronounced.

The other day coming down in the subway, we noted three people reading THE MAGAZINE OF WALL STREET. One of them appeared to be of the business man type. We noticed that he was engrossed in the *Investment & Business Trend.* Another was a very young man who rapidly skimmed the pages as if looking for something special and finally landed on something interesting over in the rear of the Magazine. Another, and this naturally fascinated us, was a very attractive young lady who was so lost in what she was reading that she nearly missed her station.

Finance is no longer "Greek" to most Americans in average circumstances. They want to know how to invest their funds. They want to take an intelligent interest in the financial world. They want to know how others view business prospects. They want, in short, to learn what the most successful investors and business men have learned so that they in turn may duplicate these successes.

THE MAGAZINE OF WALL STREET endeavors to give all these things to its readers. It is imbued with the feeling that one of the world's great professions is to aid others in building up a financial competence. To the utmost of its ability, it wants to help its readers. To whatever success it may have achieved along these lines, it owes the fact that it is today the largest financial publication in the world.

And so we are reminded that this is the commencement of the season for gift-making. Therefore, would it not be appropriate to send that earnest, ambitious friend of yours a year's subscription to THE MAGAZINE OF WALL STREET? Would he not appreciate a gift that might eventually be the means of aiding him to find the road to Financial Independence? By helping to stimulate intelligent interest in the world of investment, do you not also broaden the field and render your own position more secure? A nation of investors is the surest protection against radicalism!

A Testimonial

Nov. 3, 1924

THE MAGAZINE OF WALL STREET

Gentlemen:

Herewith renewal of my subscription to THE MAGAZINE OF WALL STREET for one year.

I do not want to miss a copy of it as I consider it the most interesting and most valuable publication that I have access to. Most important of all, you seem to be determined to give only facts as nearly as it is humanly possible to do so, and you do not hesitate to reverse yourselves when the market changes. Some financial publications are "bitter enders" and stick to a certain market position just to appear consistent.

Your Magazine is refreshing in that it is shorn of all buncomb and prejudice, and it is fearless. In none of your articles has there appeared any tendency that I could find of your trying to favor any particular security, industry, person or corporation. It must take considerable editorial nerve at times to speak out so plainly as you do; but after all, truth finally prevails and is what people want. Sometimes truth is a bitter pill (especially when it hits the pocketbook) but it is only through facing the facts that one can be successful financially in the long run.

I find your publication educational to a high degree. It serves a very useful purpose.

Very truly yours,

J. R. H.

In the Next Issue

The Shipping Stocks

We have prepared for publication in the next issue a survey of the prospects for the shipping industry and the leading shipping stocks listed on the N. Y. Stock Exchange. In view of the increasing market interest in these securities, this article will be of particularly timely interest.

Foreign Bond Ratings

We had hoped to publish these ratings in the current issue but several last minute changes necessitated postponement of publication until the December 6 issue. These ratings will be the most comprehensive we have ever published and will make a very handy reference table for investors.

Newcomers on the N. Y. Stock Exchange

A list of all the new stocks listed since last Spring with brief comment on their market outlook. A distinctly worth while set of analyses for the investor who wants to keep abreast of changing conditions and opportunities in the market.

What About Rail Equipment Stocks?

A great deal of talk is heard these days about a boom in the railroad equipment industry. What truth is there in this? Our article gives the underlying facts about the prospects for the various divisions of the industry, together with our attitude on the prospects for the leading companies and their securities.

Something New in His Bond Box

WE had never seen him before, but evidently he knew us, at least by reputation. He walked into our office and bought $25,000 of Miller First Mortgage Bonds.

"A friend of mine happened to tell me that he had put some money into Miller bonds," he explained. "That set me to thinking that Miller Bonds are a good thing for any business man to have in his deposit box—just in case anything goes wrong with his other investments, and to increase the average yield of his bond holdings."

Miller First Mortgage Bonds are an excellent investment for the reserve funds of men of affairs—safe on their record—profitable because they pay up to 7% interest. Owners find them sufficiently liquid to meet their needs.

It's time to think about the reinvestment of your year-end funds. A great many investors who heretofore have bought only Government, railroad, utility and industrial issues are putting a part of their funds into first mortgage real estate bonds. The interest rate is appealing, the safety record compelling. Write today for information about the Four Distinguishing Marks which make Miller First Mortgage Bonds unique.

Ask for Folder B-825.

G. L. MILLER & CO.

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NO INVESTOR EVER LOST A DOLLAR IN

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With the Editors

The Value of Sound Financial Information

WE reprint herewith a letter from a subscriber which describes the use he made of THE MAGAZINE OF WALL STREET in connection with the financing of his company, one of the more important public utilities located in the Middle West. The letter states that had the directors taken the advice of the writer to arrange its financing in accordance with the published views of this magazine on the money and bond outlook at the time, his company would have been saved an amount of from $300,000 to $500,000.

Our purpose in publishing this letter is to illustrate the potential uses of THE MAGAZINE OF WALL STREET to business men. Aside from covering the more important security phases, it is the business of this publication to present sound information on general matters such as the money and bond outlook, the business situation, taxes, foreign affairs, etc.

This information is generally secured at great expense and after great effort and is presented mainly for the purpose of guiding our business readers in the conduct of their own affairs, and to enable our investor-readers to obtain an adequate picture of the foundation in which the investment trend is based.

The business man, in order to make the most of his opportunities, is obliged to obtain accurate information on such purely commercial considerations as: money rates, commodity price trend, foreign exchange, trend of financing, production and consumption figures and all the other factors which go to make up business. Unless he resorts to a financial publication of high reputation for reliability, he is often forced to depend on a thousand and one different sources for his information. Many of these unfortunately do not harmonize in the fundamental viewpoint, so that a clear picture of the business trend is often impossible, when obtained in this manner. A magazine such as this, however, combines all the necessary facts into one presentation, after it has carefully sifted the wheat from the chaff.

We should imagine that this policy would recommend itself to thoughtful business men as a time-saver, since they are enabled to obtain all the necessary information at a glance. Incidentally, an idea here or there in our pages, as in the case of the company referred to in the accompanying letter, might be the means of escaping a serious business loss. THE MAGAZINE OF WALL STREET does not pretend to tell you how to run your business but it is anxious to present to you the underlying facts which affect all business, for your own information and profit.

Aside from the direct, practical value of accurate business information, there is the added consideration of the necessity of keeping abreast of the times. Though one may be engaged in the automobile business, let us say, he has something to gain from knowledge of conditions in other industries. After all, there is not a single industry which is not affected by all the general factors which play a part in other lines. *The man who keeps in close touch with these factors obviously has an advantage over his competitors.*

A Striking Communication

THE COLUMBUS RAILWAY POWER & LIGHT COMPANY
104 North Third Street
COLUMBUS, OHIO

CHARLES L. KURTZ, President
NORMAN McD. CRAWDORD, Vice-President and Treasurer
WM. A. GILL, Vice-President
P. V. BURINGTON, Secretary and Auditor
HERBERT M. BURINGTON, Assistant Secretary and Auditor
C. C. SLATER, General Superintendent

Dec. 10, 1924

The Magazine of Wall Street
42 Broadway, N. Y. City

Gentlemen:

Next month, after having served eleven years on the directory of the Cols. Ry. P. & L't Co., and for a few years past as vice-president, I will resign both positions. In explaining my cancellation of my subscription to the Magazine of Wall Street, will say that I subscribed to it solely for the purpose of securing information that would enable me to vote intelligently on financial matters when they came before the Board of this company. I found your publication useful and interesting and a number of times during discussions at Board meetings concerning bond issues, short-term notes etc., I quoted it as my authority. For example, had our company in Dec. 1921 followed my urgent request to postpone the sale of $5,000,000 25-year 6% bonds until sometime in the first six months of 1922, I fully believe that we mould have saved from $300,000 to $500,000 in the matter of discount.

For several months prior to Dec. 1921 and during that month, your Magazine published a number of articles predicting a strong bond market during 1922 and I made use of these articles at several Board meetings. In the latter part of 1922, I saw a statement to the effect that the first six months of 1922 produced the strongest bond market we ever had in this country, thus proving your predictions to be correct.

Not having a dollar invested in corporations outside of our locals, I have no longer any special interest in financial publications. While I'm in my 83d year, I'm in good health and splendid physical condition and to retain this condition, will spend more time out in the open and spend less reading.

Wishing you the compliments of the season,

I remain,
Yours cordially,
Mm. A. Gill

With the Editors

Self-Understanding an Important Consideration

NOT so long ago we ran across an old friend who is extremely well posted on financial matters but who, as far as we know, has never profited from his extensive knowledge. In passing the time of day, we asked whether he had made any money in this market and the answer came back "No." We were not surprised, knowing his temperament.

The facts were something as follows: He had anticipated a strong market after election but thought that stock prices were high and that he should wait for a reaction. The reaction never came and he finally decided to buy several excellent stocks with whose position he was thoroughly familiar. Of a nervous and impatient temperament, he could not bear the thought of owning stocks without hanging over the ticker all day so that he might be —as he thought—in a better position to observe their action.

So anxious was he, however, that each time his stock would move down an eighth or quarter, it caused him an acute pang. With equal exultation he would observe an advance of similar proportions. By this time, of course, all sense of value had been lost. His perspective was out of gear. The reasons on which he had originally based his purchases, that is to say the strong earnings, financial position and generally favorable outlook of the two companies whose securities he had purchased, had been completely forgotten. His attention was now absorbed in full by the fractional fluctuations in his stock. So great did the strain become, however, that after a few days of intense worrying he let go of his holdings with a small loss, only to see them advance many points within the several following weeks.

And this has been his "method" for many years. Can it be surprising that he has failed to take advantage of his great knowledge? We believe that this man would be further along the road to financial independence if he acknowledged to himself that his temperament is not suited to active speculation. He should leave this field to those whose nerves are steadier.

It would be advisable for a man of his mental make-up to invest in high-grade issues, bonds and preferred stocks, building up his fortune slowly but surely. At least, he might definitely count on making progress if he followed this practice whereas his unfortunate temperament renders impossible a successful outcome to his speculative stock purchases. Undeniably, he will lose many opportunities if he sticks to only high-grade issues because the real money in securities is made by buying and *holding* common stocks of merit. But since he must deal with the inescapable facts of his own characteristics and since he knows that they interfere with successful speculation on his part, he should forego these opportunities for the peace of his mind, and this after all is more important than a speculative profit. Clearly, every investor should take stock of himself and find out that for which he is fitted and, likewise, that for which he is not fitted.

In the Next Issue

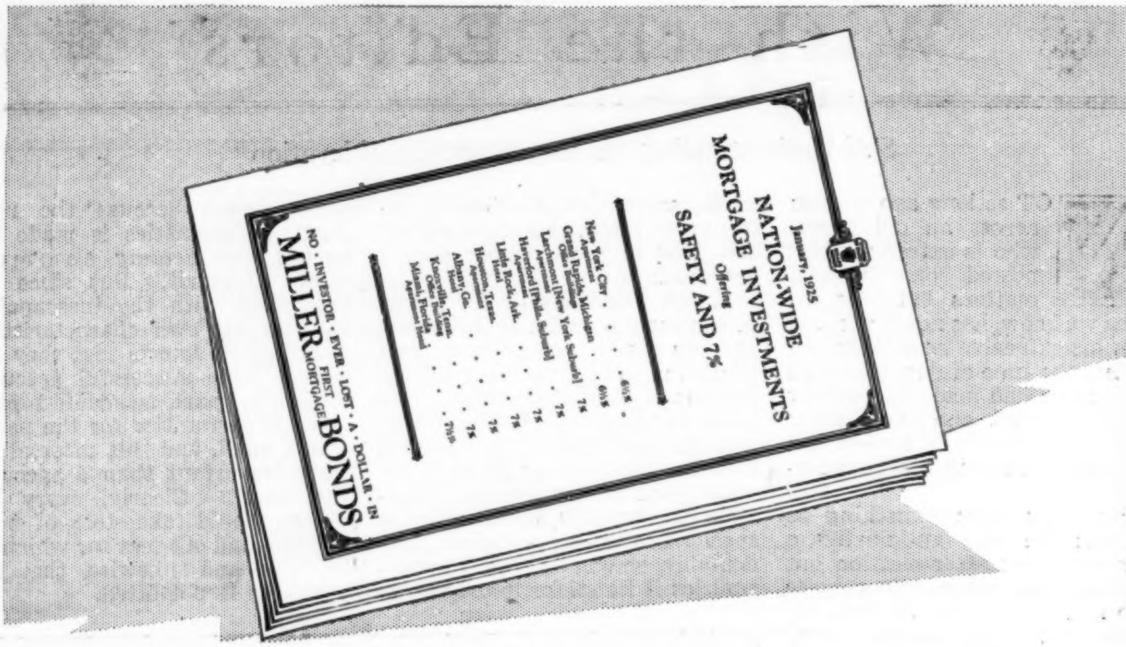
A special feature section covering DIVIDEND PROSPECTS IN 1925 OF LEADING GROUPS OF STOCKS. The industries included are as follows: railroads, railroad equipment, steel, automobiles and accessories, tires, metals, oils, public utilities and miscellaneous machinery manufacturing companies. This feature should be found extremely valuable and is probably one of the most unique analyses ever published.

Another important article covers the American investing public, describes its habits and mistakes, its successes and failures. We believe that after you read this article, you will have gained many valuable impressions and be in a position to check on your own faults.

The bond department includes an article listing THE BEST TEN BONDS. Here you will find excellent opportunities for income and price enhancement. An ideal article for the bona-fide investor. Especially valuable at this time, on account of the high point at which bonds are selling on the average.

In the public utility section, you will find an article on THE EDISON COMPANIES. The entire group of listed Edison companies is given together with the outlook for their securities.

THE TREND OF INDUSTRY—our unique chart of business—appears in this issue. Likewise, INCOME TAX DEPT.; SCHOOL FOR TRADERS & INVESTORS; WHAT THE NEWS MEANS, with its new section on important changes in capitalization of leading companies, and many other valuable departments. The entire issue is arranged on extremely practical lines, the entire attempt being to take complete advantage of current market conditions for the benefit of our readers.



Still Valuable—Send for It

INVESTORS have made heavy inroads on the $4,355,000 Miller First Mortgage Bonds (nine issues) described in this booklet of January offerings. Enough of the bonds are still available, to make it well worth while to send for a copy of the booklet—if you send promptly.

Nine issues, secured by apartment structures, hotels and business buildings in nine cities, from New York to Miami, and from Grand Rapids to Houston, Texas. The Four Distinguishing Marks of Miller Bonds to enable you to test and compare these investments with others.

Clip off, sign and mail the portion below for this January guide to safe and profitable investment.

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